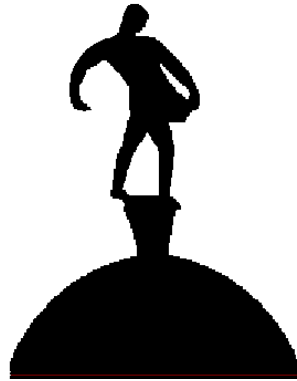


# **Appropriations Committee Budget Proposal**



## **Mid-Biennium Budget Adjustments FY2021-22 and FY2022-23**

**March 2022**

### **Members of the Appropriations Committee**

<b>Sen John Stinner (C)</b>	<b>Sen Robert Hilkemann</b>
<b>Sen Anna Wishart (VC)</b>	<b>Sen Mike McDonnell</b>
<b>Sen Robert Clements</b>	<b>Sen Tony Vargas</b>
<b>Sen Myron Dorn</b>	<b>Sen Mark Kolterman</b>
<b>Sen Steve Erdman</b>	



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# Highlights

## ***Accumulation and Use of Extra Funds***

Overall the financial status for the current biennium (FY22 / FY23) has improved significantly as compared to Sine Die of the 2021 Legislative Session. At Sine Die, the variance from the minimum General Fund reserve (commonly referred to as the surplus or shortfall) was estimated to be \$27.3 million while the current financial status is \$453 million. However, there have been a large number changes, both positive and negative

Changes in the Financial Status – Current Biennium				
Millions of Dollars	FY21	FY22	FY23	Total
<b>Sine Die 2021 Session 5/27/21</b>				<b>27.3</b>
Change in actual receipts & revised forecasts	379.0	845.4	832.6	2,057.1
Increase in LB1107 credit due to FY21 actual receipts	0.0	(189.5)	(189.5)	(379.0)
"Above certified" actual & forecast to CRF-automatic	0.0	(189.5)	(845.4)	(1,034.9)
Change in Minimum Reserve, accounting adjust	0.0	(3.4)	(28.3)	(31.7)
Lapse of FY21 unexpended funds	0.0	156.2	0.0	156.2
Exclude allocation for deficits, update estimates	2.3	5.6	0.0	7.9
Committee - General Fund transfers-out	0.0	(0.5)	(166.7)	(167.2)
Committee - DHHS reapprop in lieu of new approp	0.0	(75.3)	0.0	(75.3)
Committee - DHHS & Court provider rate increase	0.0	0.0	(94.6)	(94.6)
Committee - Salary costs, revised NAPE agreement	0.0	(0.5)	(62.5)	(63.0)
Committee - Homestead exemption	0.0	(7.9)	(11.7)	(19.6)
Committee - NSP Security Camera Systems	0.0	(4.0)	0.0	(4.0)
Committee - TEEOSA Aid (NDE Jan 2022)	0.0	0.0	0.5	0.5
Committee - DCS presumed payroll (Cares Act)	0.0	23.0	0.0	23.0
Committee - Onetime unexpended funds, offset rates	0.0	0.0	39.6	39.6
Committee Prelim - Construction projects to NCCF	0.0	0.0	14.3	14.3
Committee - Capitol HVAC Project, shortfall in funding	0.0	0.0	0.0	0.0
Committee - All other appropriation items	0.0	(1.9)	(0.6)	(2.4)
2022 State Claims	0.0	(0.5)	0.0	(0.5)
<b>Variance - Committee Proposed Budget</b>				<b>453.6</b>
For expenditure items, a positive number indicates lower expenditures which are a positive addition to the variance from the minimum reserve.				

Since Sine Die of 2021 there has been over \$2 billion of additional revenues over the three year which affect the current biennium

But of this amount, only \$611 million is retained in the General Fund. A total of \$1.445 billion has gone to the Cash Reserve Fund as "over forecast" revenues or resulted in an increase in the LB1107 tax credit.

Coupled with a \$156 million lapse of unused appropriations from FY20-21 results in a net \$775 million

increase in available funds for this biennium.

Of this \$775 million, the Appropriations Committee utilized a total of \$349.3 million leaving \$453.6 or 55% of the available funds. And of the \$349 million used by the committee, 75% went to employee salary increases, provider rates, and support of the STARWARS proposal.

A complete listing is included in Appendix A on page 39.

## But Extra Funds May be Short Term

In March 2020, Nebraska started experiencing the first impacts of the COVID 19 pandemic. The immediate dramatic slowdown of the economy led to estimates that the state would lose 15-20% of our FY20-21 revenues which would have been the worst revenue growth since we started calculating 40 years ago. In reality, a year later instead of having the lowest revenue growth ever, we had the highest (13.6%). And the forecast for FY21-22 is now the third highest revenue growth.

We believe that a significant part of this high back-to-back revenue growth is attributed to a massive amount of federal pandemic funding assistance. Starting at that point with the enactment of the CARES Act, Congress provided large amounts of federal assistance to help offset the economic loss. A total of \$24 billion was allocated to the State of Nebraska

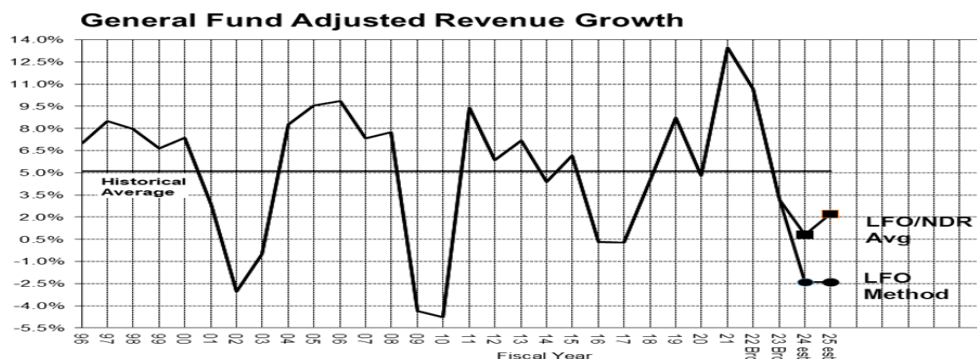
in multiple forms. To put this in perspective, this is the equivalent of 22% of total state personal income. And this is not unique to Nebraska as most all of the other states are experiencing the same revenue growth phenomenon. This leads us to believe federal pandemic funding is the common denominator.

Federal COVID 19 Assistance (Source: FFIS)	Billions of \$	% of NPI
Families First Coronavirus Response Act	262,968	0.2%
CARES Act	15,826,552	14.2%
Consolidated Appropriations Act	1,846,301	1.7%
American Rescue Plan Act	5,995,564	5.4%
Coronavirus Preparedness and Response Act	8,448	0.0%
Paycheck Protection & Health Care Enhancement Act	81,717	0.1%
Executive Action	90,400	0.1%
<b>Total</b>	<b>24,111,950</b>	<b>21.6%</b>
2020 Nebraska Personal Income	111,545,000	

The down side is that the large amounts of federal funding assistance is temporary and the high revenues attributed to circulation of this large amount of federal funds is also likely to be temporary leading to low growth or a decline in revenues over the next 2-3 years. The high revenue growth gives us a large budget surplus at this point in time

Revenue growth (rate and base adjusted) in the next biennium is projected at a -2.4% per year average using the capped historical average methodology (see page 17). This methodology is used in the absence of an official forecast. This is much lower than the 4.5% historical average because the preceding three years average 9.1% led by the 13.5% in FY20-21.

The preliminary estimates for the two “out years” arrived at using the historical average concept (as used in the Financial Status) is much lower than the unofficial estimates prepared by the Nebraska Dept. of Revenue (NDR) and Legislative Fiscal Office (LFO). However when charting against the past 30 year revenue growth, the lower historical average results appear to be more in line with prior high and low cycles.



## ***General Fund Budget Change Mostly Salaries & Rates***

Five items account for most of the General Fund budget adjustments. A more detailed listing of the most significant General Fund adjustments is shown on page 27 while a complete listing is included in Appendix A.

Committee Proposed Budget Adjustments (General Funds)	FY2021-22	FY2022-23	2 Yr Total
DHHS & Juvenile Justice provider rate increase	0	94,620,660	94,620,660
All Agencies-Salary costs, revised NAPE, FOP agreement	491,138	62,473,686	62,964,824
Revenue-Adjust Homestead Exemption to actual under current law	7,900,000	11,700,000	19,600,000
Utilize onetime unexpended funds, offset provider rate increases	0	(39,590,367)	(39,590,367)
Corrections-Presumed Payroll (Cares Act)	(23,000,000)	0	(23,000,000)
All Other (net)	5,887,558	(14,151,954)	(8,264,396)
Total Change in New Appropriations	(8,721,304)	115,052,025	106,330,721

## ***Cash Reserve Fund***

As noted earlier, since Sine Die of 2021 a total of \$1.035 billion will have either been transferred to the Cash Reserve Fund or will be transferred if the current forecasts are correct. Without any further action this would result in a balance of \$1.842 billion.

The Appropriations Committee budget proposal utilizes a total of \$513 million of the Cash Reserve Fund leaving an unobligated balance of \$1.36 billion. The following shows the transfers in the committee proposal and those in the Governors recommendation.

Use of Cash Reserve Funds	Committee	Governor
Delete US SPACECOM Fund transfer	50,000,000	50,000,000
From Governors Emergency Cash Fund	14,000,000	0
To NCCF, corrections facilities	(175,000,000)	(175,000,000)
To Perkins County Canal Fund	(53,500,000)	(400,000,000)
To STRATCOM promotion	(5,000,000)	(5,000,000)
To Jobs & Econ Development Initiative (STARWARS)	(80,000,000)	
To NCCF University agricultural innovation facility (LB 703)	(25,000,000)	0
To Nebr Rural Projects Act (LB 788)	(50,000,000)	0
To NCCF YRTC Kearney project (LB 792)	(15,580,000)	0
To Trail Develop/Improve Fund (LB 813)	(8,300,000)	0
To Rural Workforce Housing fund (LB 1071)	(30,000,000)	0
To Surface Water Irrigation Fund (LB 1074)	(50,000,000)	0
To Intern Nebraska Cash Fund (LB 1167)	(20,000,000)	0
To US Strategic Command facility (LB 1232)	(20,000,000)	0
To Military Base Development fund (LB 1233)	(25,000,000)	0
To Middle Income Housing fund (LB 1252)	(20,000,000)	0
CRF Transfers 2022 Session	(513,380,000)	(530,000,000)

A more detailed discussion of the Cash Reserve Fund is provided on page 7.

## ***Bills Incorporated into the Committee Proposal***

Bill / Description	Ag	Bill	Action
LB 703 University of Nebraska, agricultural innovation facility (originally ARPA)	51	LB 1012	\$25M CRF
LB 722 Transfer and appropriate funds, lead-based paint hazard control	72	LB 1011	\$250,000 cash
LB 759 Change a limitation, Business Innovation Act microloans	72	LB 1012	Funds Bill
LB 762 Intent, 10% rate increase for Medicaid behavioral health providers	25	LB 1011	\$13.5M GF
LB 782 Increase appropriation, Perinatal Quality Improvement Collaborative	25	LB 1011	\$130,000 HCCF
LB 766 University of Nebraska pancreatic cancer research (originally ARPA)	51	LB 1012	\$15M HCCF
LB 788 Additional funding, Nebraska Rural Projects Act	72	LB 1013	\$50M CRF
LB 792 Renovations and housing, YRTC-Kearney	25	LB 1013	\$15.58M CRF
LB 813 Intent, funding for develop/improvements national rail-trail route	33	LB 1013	\$8.3M CRF
LB 893 Funds for provider rate increases for developmental disability services	25	LB 1011	\$26.4 GF
LB 911 Change the grant amount for the 211 Information and Referral Network	14	LB 1012	Funds Bill
LB 989 Appropriate funds to DHHS, Medicaid nursing facility rates	25	LB 1011	\$26.0M GF
LB 1049 Appropriate funds for the Office of Public Guardian	5	LB 1011	reallocate
LB 1071 Appropriate funds to DED, workforce housing grant program	72	LB 1013	\$30M CRF
LB 1074 Surface Water Irrigation Infrastructure Fund, Cash Reserve transfer	29	LB 1013	\$50M CRF
LB 1090 Change award limits under the Business Innovation Act	72	LB 1012	Funds Bill
LB 1111 Appropriate Prison Overcrowding Contingency, community corrections	5	LB 1011	\$4.3M Cash
LB 1114 Business Innovation Act, funding preferences, innovation hubs	72	LB 1012	Funds Bill
LB 1164 Intent, 15% increase in reimbursement rates for Child Welfare Aid	25	LB 1011	\$13.2M GF
LB 1197 Appropriate funds to DCS, mentor justice-involved individuals	46	LB 1011	\$0.5M Cash
LB 1232 Funds for the US Strategic Command Nuclear Command	72	LB 1013	\$20M CRF
LB 1233 Repurpose CRF transfer for US SPACECO, Base Development	31	LB 1013	\$25M CRF
LB 1015 Perkins County Canal Project Act	29	LB 1013	\$53.5M CRF
LB 1023 Jobs & Economic Develop Initiative. Water Recreation Enhancement Act	29	LB 1013 LB 1011	\$80M CRF \$120M GF

GF=General Funds    CRF= Cash Reserve Fund    HCCF= Health Care Cash Fund

## ***Available for Legislative Bills***

The current financial status with the Committee proposed budget adjustments yields a projected balance that is \$453.5 million above the 3% minimum reserve.

The projected financial status for the **following biennium** shows a balance \$490 million above the minimum reserve and is only \$37 million more than what's available in the current biennium. Using the \$490 million available as a target number would support additional budget actions averaging \$163 million per year.



# General Fund Financial Status

## Appropriations Committee Budget Proposal

	Estimated FY2020-21	Biennial Budget		Est for Following Biennium	
		FY2021-22	FY2022-23	FY2023-24	FY2024-25
<b>Beginning Balance</b>					
Beginning Cash Balance	\$710,599,887	\$1,848,977,997	\$1,310,905,610	\$776,703,903	\$880,039,264
Cash Reserve Fund transfer-automatic	(10,655,528)	(535,259,365)	(845,390,000)	0	0
Carryover obligations from FY20	0	(339,592,954)	0	0	0
LB 1011 Reappropriate FY21 DHHS balances	0	(75,264,300)	0	0	0
Allocation for potential deficits	0	0	(5,000,000)	(5,000,000)	(5,000,000)
Unobligated Beginning Balance	699,944,359	898,861,378	460,515,610	771,703,903	875,039,264
<b>Estimated Receipts</b>					
Net Receipts (Feb 2022 NEFAB+hist avg)	5,955,664,939	5,725,000,000	5,960,000,000	5,743,000,000	5,767,000,000
General Fund transfers-out (current law)	(310,600,000)	(455,330,000)	(335,830,000)	(327,010,000)	(322,010,000)
General Fund transfers-in (current law)	in actual	in forecast	in forecast	0	0
Cash Reserve Fund transfers (current law)	30,000,000	(50,000,000)	(50,000,000)	0	0
LB 1011 General Fund transfers-out	0	(500,000)	(166,723,459)	0	0
LB 1013 Cash Reserve Fund transfers	0	0	0	0	0
<b>Bills Enacted Into Law</b>	0	0	0	0	0
<b>Bills Passed</b>	0	0	0	0	0
General Fund Net Receipts	5,675,064,939	5,219,170,000	5,407,446,541	5,415,990,000	5,444,990,000
<b>Appropriations</b>					
Expenditures / Appropriations (2021 Session)	4,526,031,301	4,815,373,072	4,976,206,223	5,152,789,112	5,336,342,256
LB 1011 Mainline Midbiennium adjustments	0	(8,721,304)	115,052,025	154,865,527	154,297,921
LB 1083 State Claims	0	474,000	0	0	0
General File amendments	0	0	0	0	0
Select File amendments	0	0	0	0	0
Veto-Mainline bills	0	0	0	0	0
Veto overrides-Mainline bills	0	0	0	0	0
<b>Bills Enacted Into Law</b>	0	0	0	0	0
General Fund Appropriations	4,526,031,301	4,807,125,768	5,091,258,248	5,307,654,639	5,490,640,177
<b>Ending Balance</b>					
\$ Ending balance (Financial Status as Shown)	1,848,977,997	1,310,905,610	776,703,903	880,039,264	829,389,087
\$ Ending balance at Minimum Reserve (3%)	--	--	323,153,743	--	338,961,667
Difference = Variance from Minimum Reserve	--	--	453,550,160	--	490,427,420
Biennial Reserve (%)	--	--	7.5%	--	7.7%
Annual Spending Growth (w/o deficits)	3.4%	0.7%	5.7%	4.3%	3.4%
Two Year Average Growth	3.6%	--	3.2%	--	3.8%
Est. Revenue Growth (rate/base adjusted)	13.5%	10.6%	3.2%	-2.4%	-2.3%
Two Year Average	9.1%	--	6.9%	--	-2.4%

<b>CASH RESERVE FUND</b>	<b>FY2020-21</b>	<b>FY2021-22</b>	<b>FY2022-23</b>	<b>FY2023-24</b>	<b>FY2024-25</b>
Beginning Balance	426,307,702	466,963,230	997,522,595	1,329,632,595	1,329,632,595
Transfer amounts above forecasts (line 3)	10,655,528	535,259,365	845,390,000	0	0
To/from Gen Fund per current law	(30,000,000)	50,000,000	50,000,000	0	0
To Nebr Capital Construction Fund (NCCF)	0	(54,700,000)	0	0	0
From Gov Emergency Fund (LB1009-2020)	60,000,000	0	0	0	0
To US Spacecom Fund (LB385-2021)	0	0	(50,000,000)	0	0
LB 1013 Committee Proposed Transfers (see budget report for details)		0	(513,280,000)	0	0
Projected Ending Balance	466,963,230	997,522,595	1,329,632,595	1,329,632,595	1,329,632,595

# Chronology of the Financial Status

Millions of Dollars	Current Biennium			Following Biennium		
	FY21-22	FY22-23	3 Yr Total	FY23-24	FY24-25	5 Yr Total
<b>Sine Die 2021 Session 5/27/21</b>			<b>27.3</b>			<b>77.8</b>
FY21 Actual vs Est General Fund Net Receipts	0.0	0.0	379.0	0.0	0.0	379.0
Revenue Forecasts (October 2021)	475.4	427.6	903.0	273.0	0.0	1,176.0
Increase in LB1107 credit due to FY21 actual receipts	(189.5)	(189.5)	(379.0)	(156.3)	0.0	(535.3)
"Above certified" actual & forecast to CRF-automatic	(189.5)	(475.4)	(664.9)	0.0	0.0	(664.9)
FY21 Actual vs Est Accounting adjustment, transfers	(3.4)	0.0	(1.1)	0.0	0.0	(1.1)
Lapse of FY21 unexpended funds	156.2	0.0	156.2	0.0	0.0	156.2
Change in Minimum Reserve	0.0	(21.4)	(21.4)	0.0	6.1	(15.2)
Exclude allocation for deficits, update estimates	5.6	0.0	5.6	(2.2)	(2.3)	1.1
2022 Midbiennium Budget Adjustments (Nov TRR est)	(8.0)	(7.3)	(15.3)	(7.3)	(7.3)	(29.9)
TEEOSA School Aid revisions (Nov 2021 joint meeting)	0.0	22.8	22.8	47.6	51.4	121.8
<b>November 2021 Tax Rate Review Committee</b>			<b>412.2</b>			<b>665.5</b>
2022 General Fund transfers-out	(0.5)	(179.8)	(180.3)	0.0	0.0	(180.3)
Provide DHHS reappropriation	(75.3)	0.0	(75.3)	0.0	0.0	(75.3)
Salary costs, revised NAPE agreement	(0.5)	(62.5)	(63.0)	(62.5)	(62.5)	(187.9)
TEEOSA higher than Nov Est	0.0	(22.4)	(22.4)	(15.6)	(24.9)	(62.9)
Revenue - Homestead exemption	(7.9)	(11.7)	(19.6)	(11.7)	(11.7)	(43.0)
DCS - NSP Security Camera Systems	(4.0)	0.0	(4.0)	0.0	0.0	(4.0)
DCS - Presumed Payroll (Cares Act)	23.0	0.0	23.0	0.0	0.0	23.0
Construction projects to NCCF	0.0	14.3	14.3	0.0	0.0	14.3
Exclude - NDE Relocation and Property Management	2.1	1.9	4.0	1.9	1.9	7.9
Exclude - DHHS OCIO utilization increase	5.3	5.2	10.5	5.2	5.2	20.8
All other appropriation items	0.2	0.8	0.9	0.8	0.8	2.5
State Claims	(0.5)	0.0	(0.5)	0.0	0.0	(0.5)
<b>Committee Preliminary Budget - 2022</b>			<b>105.2</b>			<b>189.1</b>
Revenue Forecasts (February 2022)	370.0	405.0	775.0	176.5	0.0	951.5
Automatic transfer to CRF	0.0	(370.0)	(370.0)	0.0	0.0	(370.0)
2022 General Fund transfers-out, changes	0.0	13.1	13.1	0.0	0.0	13.1
DHHS & Juvenile Justice provider rate increase	0.0	(94.6)	(94.6)	(96.2)	(96.2)	(287.0)
Utilize onetime funds, offset provider rate increases	0.0	39.6	39.6	0.0	0.0	39.6
Construction - Capitol HVAC Project, shortfall in funding	0.0	0.0	0.0	(16.0)	(9.9)	(25.9)
All Other GF appropriations	(1.6)	(1.0)	(2.6)	(1.0)	(1.0)	(4.7)
Cash Reserve Fund transfers, post hearing	0.0	0.0	0.0	0.0	0.0	0.0
Change in Minimum Reserve	0.0	(12.2)	(12.2)	0.0	(3.1)	(15.3)
<b>Committee Budget to the Floor – March 2022</b>			<b>453.5</b>			<b>490.5</b>

# Cash Reserve Fund

The Cash Reserve Fund (CRF) is not included as part of the "General Fund Reserve" (which is the statutorily defined ending General Fund balance for a biennium) and was created as a separate and distinct fund to cover cash flow needs within a month or several month period. The Cash Reserve Fund also serves as a "rainy day fund" in that revenues in excess of a "certified forecast" are transferred from the General Fund to Cash Reserve fund at the end of a fiscal year. As the certified forecast is basically the revenue estimate at Sine Die when the budget is finalized, these transfers sequester revenues in excess of that which is needed to balance the budget.

Table 1 Cash Reserve Fund

	Actual FY2020-21	Estimated FY2021-22	Estimated FY2022-23	Estimated FY2023-24	Estimated FY2024-25
Beginning Balance	426,307,702	412,263,230	997,522,595	1,329,632,595	1,329,632,595
Excess of certified forecasts (line 3 in Status)	10,655,528	535,259,365	845,390,000	0	0
To/from Gen Fund per current law	(30,000,000)	50,000,000	50,000,000	0	0
To Nebr Capital Construction Fund (NCCF)	0	(54,700,000)	0	0	0
From Gov Emergency Fund (LB1009-2020)	60,000,000	0	0	0	0
To US Spacecom fund (LB385-2021)	0	0	(50,000,000)	0	0
2022 - Delete US SPACECOM Fund transfer	0	0	50,000,000	0	0
2022 - From Governors Emergency Cash Fund	0	0	14,000,000	0	0
2022 - To NCCF, corrections facilities	0	0	(175,000,000)	0	0
2022 - To Perkins County Canal Fund	0	0	(53,500,000)	0	0
2022 - To Jobs & Econ Develop Fund (STARWARS)	0	0	(80,000,000)	0	0
2022 - To NCCF NU ag innovation facility (LB 703)	0	0	(25,000,000)	0	0
2022 - To Nebr Rural Projects Act (LB 788)	0	0	(50,000,000)	0	0
2022 - TO NCCF YRTC Kearney projects (LB 792)	0	0	(15,480,000)	0	0
2022 - To Trail Develop/Improve Fund (LB 813)	0	0	(8,300,000)	0	0
2022 - To Rural Workforce Housing (LB 1071)	0	0	(30,000,000)	0	0
2022 - To Surface Water Irrigation Fund (LB 1074)	0	0	(50,000,000)	0	0
2022 - To Intern Nebraska Cash Fund (LB 1167)	0	0	(20,000,000)	0	0
2022 - To US Strategic Command facility (LB 1232)	0	0	(20,000,000)	0	0
2022 - To Military Base Development(LB 1233)	0	0	(30,000,000)	0	0
2022 - To Middle Income Housing fund (LB 1252)	0	0	(20,000,000)	0	0
Ending Balance	412,263,230	997,522,595	1,329,632,595	1,329,632,595	1,329,632,595

At the end of the 2021 legislative session, the unobligated balance was projected at \$808 based on an estimated \$345.7 million transfer related to the April NEFAB forecast for FY2020-21 being above the certified amount and split with the LB1107 credit.

The projected unobligated balance increased to \$997 million when FY2020-21 actual receipts were \$379 million above the April forecast and a total of \$535 million was transferred to the CRF.

In October 2021, the Nebraska Economic Forecast Advisory Board (NEFAB) increased the FY2021-22 forecast by \$475 million. Because the FY2021-22 forecast does not meet the 3.5%

increase threshold, all of this \$475 million is considered “above certified” and will be transferred to the Cash Reserve Fund if receipts come in at the forecast level. This raises the projected unobligated balance to \$1.472 billion roughly 26% of annual revenues

In February 2022, the Nebraska Economic Forecast Advisory Board (NEFAB) increased the FY2021-22 forecast by \$370 million. The FY21-22 forecast still did not meet the 3.5% threshold and the \$370 million will be transferred to the Cash Reserve Fund bringing the balance to \$1.842 billion.

## ***Appropriations Committee Proposal***

The Appropriations Committee proposed budget reduces the CRF balance from \$1.842 billion to \$1.329 billion but utilizing \$577.4 million for 14 different transfer changes

**Delete US SPACECOM Fund transfer:** In the 2021 session, \$50 million of CRF funds were set aside subject to Nebraska being selected as the site of the United States Space Command Headquarters. Nebraska was not selected so this potential \$50 million obligation is deleted. These funds were subsequently used for two projects that benefit Offutt AFB.

**From Governors Emergency Cash Fund** LB 1198 was enacted March 25, 2020 to provide funding to help cover the costs related to the COVID-19 outbreak. After this bill was enacted the Legislature suspended the session until July 20. The bill transferred \$83,619,600 from the Cash Reserve Fund to Governor’s Emergency Cash Fund for FY2019-20. On March 27, 2020 the Coronavirus Aid, Relief, and Economic Security Act, P.L.116-136 (CARES Act) was enacted. In that law, Nebraska was allocated \$1.25 billion through the Coronavirus Relief Fund. These federal funds could be used for basically the same things that were authorized under LB1198. Because of this only \$19.2 million had been expended through FY19-20. LB1009 enacted in August transferred \$60 million of the unused funds back to the Cash Reserve Fund. The committee proposal transfers the remaining unused amount of \$14 million back to the CRF.

**To NCCF - Corrections Facilities** The Governor had included funding for a new multi-custody level correctional facility with capacity to house approximately 1,512 inmates. This \$270 million project was proposed to be financed by transfers from the Cash Reserve Fund to the Nebraska Capital Construction Fund (NCCF) (\$175 million), unappropriated funds remaining in the NCCF (\$66 million), and funds from the Prison Overcrowding Contingency Fund (\$15 million). After the transfers to the NCCF, the Governor’s recommendation then included a \$240 million NCCF appropriation to authorize expenditure of those funds.

The Committee’s recommendation includes a \$175 million from the Cash Reserve Fund to the Nebraska Capital Construction Fund (NCCF). Coupled with the \$66.3 million from funds transferred to the NCCF in 2021 and unappropriated remains provides a total of \$241 million. However the Committee proposal **does not** include the appropriation authority to expend those funds at this time.

**To Perkins County Canal Fund (LB 1015)** The Governor’s budget recommendation included \$400 million of Cash Reserve Funds and \$100 million of ARPA funds for the Perkins County Canal Project. LB 1015 would enact the Perkins County Canal Project Act that authorizes the state to develop a canal to divert water out of Colorado and into an associated

storage facility in Nebraska consistent with the authorization in the 1923 South Platte River Compact and protect Nebraska's water rights under the compact.

The Appropriations Committee partially funded the project with a \$53,500,000 transfer from the Cash Reserve Fund to the Perkins County Canal Project Fund within the Department of Natural Resources. The purpose of the funds are for the Department of Natural Resources to contract with an independent firm to determine the cost of a canal, potential for water that could be diverted, the timeline of permitting, and drinking water benefits that may exist for the cities of Lincoln and Omaha from the canal's construction. Findings must be presented at a public hearing to the Appropriations Committee of the Legislature on or before December 31, 2022. Expenditures may also be made for permitting and land options (but not actual land purchases) pursuant to any canal as outlined by the South Platte River Compact.

**To Jobs & Economic Development Initiative Fund (STARWARS)(LB1023)** LB 406 enacted in the 2021 legislative session created the Statewide Tourism and Recreational Water Access and Resource Sustainability (STARWARS) special legislative committee. This committee was tasked with conducting studies related to economic development and public safety at (1) the Lake McConaughy region of Keith County, (2) Knox County region that lies north of State Highway 12 and extends to the South Dakota border and includes Lewis and Clark Lake and Niobrara State Park and (3) the Platte River and its tributaries from Columbus to Plattsmouth.

The proposals of the special STARWARS committee were subsequently incorporated into proposed legislation (LB 1023). The Appropriations Committee created two new cash funds; the Jobs and Economic Development Initiative (JEDI) Fund under the Dept. of Natural Resources and the Water Recreation Enhancement Fund under the Game and Parks Commission. They also included transfers to these funds and a corresponding appropriation:

	<u>Cash Reserve</u>	<u>General Fund</u>	<u>Total</u>
Jobs and Economic Development Initiative (JEDI) Fund	80,000,000	20,000,000	100,000,000
Water Recreation Enhancement Fund	0	100,000,000	100,000,000
Total Funds	80,000,000	120,000,000	200,000,000

**To University Agricultural Innovation facility (LB 703 (NCCF))** The USDA is creating the Agricultural Research Service National Center for Regenerative and Resilient Precision Agriculture on the Nebraska Innovation Campus. This national center is an innovative "Next Generation" platform that draws together scientists and engineers with entrepreneurs, start-ups, industry partners and producers. The National Center will staff up to 42 federal research scientists and engineers as well as an additional 100 scientific support staff, fellows, and students. .

The University proposes to create a companion facility located adjacent to the National Center. This facility would serve as an incubator providing an array of supports for Nebraska's agricultural entrepreneurs and startup companies. The project would be funded with \$25 million from the University with \$25,000,000 in private or other funding matching funds.

The Appropriations Committee proposal includes a \$25,000,000 transfer from the Cash Reserve Fund to the Nebraska Capital Construction Fund (NCCF) with a corresponding NCCF appropriation to the University of Nebraska.

**To Nebraska Rural Projects Act (LB 788)** Last session LB 40 was enacted which created the Nebraska Rural Projects Act and provided a \$5 million per year General Fund appropriation intended for 10 years providing a total contribution of \$50 million. LB788 proposed, and the committee included, a transfer of \$50,000,000 from the Cash Reserve Fund and a corresponding cash fund appropriation to the Nebraska Rural Project Fund. The fund will be used to award grants for rail spurs with match requirements outlined in 81-12, 211. The committee proposal did not change the existing intent of LB 40 therefore this \$50 million is in addition to the existing \$50 million under LB40.

**To YRTC Kearney project (LB 792) (NCCF)** LB 792 requested \$15,046,000 from the General Fund for new construction, renovation, and equipment replacement at the Youth Rehabilitation and Treatment Center-Kearney. This included 1) construction of two new housing units; 2) renovation of the Washington-Lexington building; 3) replacement of the campus fire pump and 4) replacement of the kitchen service elevator. The Governor recommended \$15,580,000 of ARPA funds be used for the project. The Appropriations Committee funded this project with a \$15,580,000 transfer from the CRF to the Nebraska Capital Construction Fund (NCCF) and corresponding NCCF appropriation.

**To Trail Develop and Maintenance Fund (LB 813)** Based on requests outlined during public hearing for L813, the committee recommendation includes a proposed transfer from the Cash Reserve Fund in the amount of \$8.3 million to a newly created cash fund, the Trail Development and Maintenance Fund. This funding would be utilized by the Game and Parks Commission to provide a grant to a Natural Resources District to facilitate the completion of the Missouri-Pacific (MO-PAC) trail between Lincoln and Omaha.

**To Rural Workforce Housing fund (LB 1071)** The committee proposal transfers \$30,000,000 of Cash Reserve Funds and provides a corresponding cash fund appropriation for the Rural Workforce Housing Fund. Enacted in 2018 as part of the Rural Workforce Housing Investment Act (LB518), the Rural Workforce Housing Fund (RWHF) provides competitive matching grants to non-profit development organizations who administer workforce housing investment funds. The funds are invested in eligible projects to increase the supply and reduce the costs of workforce housing in Nebraska's rural communities. The original law did not allow grants to be made after FY20-21 however LB 1069 extends that to FY26-27.

**To Surface Water Irrigation Fund (LB 1074)** A one-time transfer of \$50,000,000 from the Cash Reserve Fund to the Surface Water Irrigation Infrastructure Fund and corresponding cash fund appropriation to the Department of Natural Resources is included. The funds will be used to award grants to Irrigation Districts for repair or construction or irrigation infrastructure enumerated in the bill. The Department of Natural Resources is allowed discretion in designing criteria and procedures in its grant awarding. Applicants must have 10% of matching funds and no grant may exceed \$5,000,000.

**To Intern Nebraska Cash Fund (LB 1167)** The Intern Nebraska Cash Fund was created by LB945 (2018) and issues grants to businesses for offsetting the cost of hiring interns.

The budget adds statutory changes to the Intern Nebraska Act with the intent of increasing access to and use of the program including extending the time period from six to twelve months and adding to the type of institutions for enrollment purposes. There is a \$20,000,000 transfer

from the Cash Reserve Fund to the Intern Nebraska Cash Fund and a corresponding cash fund appropriation.

**To US Strategic Command facility (LB 1232)** This bill allows for the Department of Economic Development to provide grants to public and private sector initiatives that will improve the military value of military installations by making necessary improvements to buildings and infrastructure, including but not limited to provide a grant for the establishment of the United States Strategic Command Nuclear Command, Control, and Communications public-private-partnership facility. A \$20,000,000 transfer to the Site and Building Development fund, with expenditures being permitted once proof has been demonstrated that matching funds are available.

**To Military Base Development Fund (LB 1233)** The committee proposal transfers \$30 million from the Cash Reserve Fund to the Military Base Development and Support cash fund to be administered by the Department of Veterans' Affairs (DVA) which administratively supports the Commission on Military and Veterans' Affairs. This Commission is the entity who will ultimately distribute funding pursuant to their statutory authority to receive and administer funds from state, federal and other sources to help the State of Nebraska preserve and protect military installations across the state, attract new missions to the state's military installations, and serve Nebraska's military and veteran families.

Of the \$30 million, the Commission would provide \$5 million to fund a documentary about Offutt Air Force Base capturing the history of the installation and demonstrating its current status as a major United States Air Force base. The remaining \$25 million will be utilized to support and contribute, at a maximum 50% match, to various projects on the base. Examples include a pavilion, track and field stadium improvements, walking trails, landscape enhancements, and improvements to base lake.

**To Middle Income Housing fund (LB 1252)** The Middle Income Workforce Housing program was established by LB866 (2020) and financed with a \$10 million transfer from the General Fund. The funds would be used by the Dept. of Economic Development to provide grants to nonprofit development organizations with a one-to-one match requirement. Grant funds are to be used for workforce housing development in urban communities. This would include new construction of owner-occupied housing in a neighborhood and community with a demonstrated need for housing that is affordable and attractive to first time homebuyers, middle-income families, and the emerging workforce; substantial repair or rehabilitation of dilapidated housing stock; or upper-story housing development for occupation by a homeowner.

The committee proposed budget provides for a \$20,000,000 transfer from the Cash Reserve Fund to the Middle Income Workforce Investment Fund in FY22-23 and the accompanying cash fund appropriation. The Middle Income Workforce Housing Program is revolving grant program, as once projects are completed and sold the grant amount is returned to the Department of Economic Development. The Middle Income Workforce Housing Program stipulates that grantees demonstrate ineligibility under HOME or Affordable Housing Trust Fund grants. As ARPA provides presumed eligibility for housing projects that would qualify under HOME or AHTF, this transfer from the Cash Reserve Fund will be used to spur housing development that would otherwise not meet ARPA criteria.

## ***Excess of Certified Forecasts***

Shown on line 3 of the Financial Status, revenues in excess of "certified" forecasts are required by statute to be transferred from the General Fund to the Cash Reserve Fund. These would take place in July of the fiscal year following completion of that year.

Actual receipts for FY2019-20 (\$4,939,762,611) were \$10,655,528 above the certified forecast of \$4,929,107,083. However actual receipts were over \$265 million below the last forecast due to the extension of the income tax filing deadline from April 2020 to July 2020. The latest estimate was that \$280 million shifted from FY2019-20 to FY2020-21 due to this filing change.

The provisions of LB1107 enacted in the 2020 session created a new calculation for purposes of automatic transfers to the Cash Reserve Fund for the next three years. Normally the amount above certified would all go to the CRF. However under the provisions of LB1107 the amount above certified less any allocated to the income tax credit for property taxes is transferred to the CRF.

Since the level of credit and CRF transfer is based on FY20-21 revenues, the amounts have kept changing as the forecasts changed. In October the provisions of LB1107 resulted in a \$86.7 million increase in the credit. Therefore the CRF transfer is \$198.7 or the \$285.4 million above certified revenues less the \$86.7 million increase in the credit. The same happened with the February 2021 and April 2021 increase in the revenue forecast.

The final FY20-21 actual receipts were \$958.4 million above the certified forecast from August 2020. Under the LB1107 calculation \$535.3 million goes to the CRF and the other \$423.2 million is added to the prior year credit amount of \$125 million increasing the credit to \$548.2 million. A more detailed description of income tax credit under LB1107 can be found on page 15.

In October 2021, the Nebraska Economic Forecast Advisory Board (NEFAB) increased the FY2021-22 forecast by \$475.4 million. Because the FY2021-22 forecast had already been "certified", this \$475.4 million is considered as "above certified" and would be credited to the Cash Reserve Fund if receipts come in at the forecast level. In this case there is no change in the LB1107 credit as the growth threshold under LB1107 is not met even with the higher forecast. This raises the projected unobligated balance to \$1,472.9 million roughly 27% of annual revenues.

In February 2022, the Nebraska Economic Forecast Advisory Board (NEFAB) increased the FY2021-22 forecast by \$370 million. The FY21-22 forecast still did not meet the 3.5% threshold and the \$370 million will be transferred to the Cash Reserve Fund bringing the balance to \$1.842 billion.

## ***Transfers-To & From General Fund***

Unlike the automatic transfers that occur after the close of the fiscal year and are statutorily required, other transfers can take place as specifically enacted by the Legislature. In the 2017 Session, the Legislature transferred a total of \$173 million to the General Fund to assist in balancing the budget and to help replenish the reserve to the statutory minimum level consisting of \$125 million in FY18 and \$48 million in FY19.



In the 2020 session LB1107 which contained the ImagiNE Nebraska Act, Nebraska Transformational Projects Act, and Nebraska Property Tax Incentive Act included a \$30 million transfer from the CRF to the General Fund to help pay for the first year \$125 million cost of Property Tax Incentive Act

In the 2021 session, the budget included a \$50 million transfer from the General Fund in both FY21-22 and FY22-23 to help replenish the fund. At the time of enacting the budget, this would have achieved a balance at \$763 million which is 14.2% of revenues. The final balance was higher than that with actual receipts being well above forecast.

## ***Transfers To & From Other Funds***

In the 2019 session, the enacted budget transfers \$54.7 million from the Cash Reserve Fund to the Nebraska Capital Construction Fund to cover several construction projects primarily two additional high security housing units (384 beds) for the Dept. of Correctional Services.

In the 2020 session, LB 1198 was enacted March 25, 2020 to provide funding to help cover the costs related to the COVID-19 outbreak. After this bill was enacted the Legislature suspended the session until July 20. The bill transferred \$83,619,600 from the Cash Reserve Fund to Governor's Emergency Cash Fund for FY2019-20. The original allocation was as follows: Local response efforts (\$38,156,700), DHHS staffing (\$4,004,000), Surge staffing for veterans hospitals & DHHS care facilities (\$13,000,000), COVID-19 Lab Testing (\$515,000), UNMC lab equipment, software programming and personnel (\$2,500,000), UNMC UV light boxes (\$100,000), and UNMC knowledge center (\$343,900). This left an available reserve of \$25,000,000

On March 27, 2020 the Coronavirus Aid, Relief, and Economic Security Act, P.L.116-136 (CARES Act) was enacted. In that law, Nebraska was allocated \$1.25 billion through the Coronavirus Relief Fund. Of this amount, \$166 million went directly to Douglas County and the remaining \$1.083 billion to the State of Nebraska. The Governor credited these funds to the Governor's Emergency Program-COVID19. These federal funds could be used for basically the same things that were authorized under LB1198. Because of this only \$19.2 million had been expended through FY19-20. LB1009 enacted in August transferred \$60 million of the unused funds back to the Cash Reserve Fund.

In the 2021 session, the budget included a \$50,000,000 transfer in FY23 from the CRF to a newly created cash fund - The United States Space Command Headquarters Assistance Fund. The transfer is subject to the State of Nebraska being selected as the site of the United States Space Command Headquarters. The newly created fund is to be administered by the Adjutant General of the Nebraska Military Department and will be utilized to contribute to the cost of constructing the United States Space Command Headquarters, should Nebraska be selected as the site of this installation. The United States Department of the Air Force anticipates making a final decision for the location of the United States Space Command Headquarters in the spring of 2023.

**Table 2 Cash Reserve Fund – Historical Balances**

Fiscal Yr	Beginning Balance	Direct Deposit and Interest	Automatic Transfers	Legislative Transfers	Cash Flow	Ending Balance	Balance as % of revenue
FY1983-84	0	37,046,760	na	0	0	37,046,760	4.7%
FY1984-85	37,046,760	(1,472,551)	na	0	0	35,574,209	4.5%
FY1985-86	35,574,209	227,855	na	(13,500,000)	0	22,302,064	2.7%
FY1986-87	22,302,064	1,428,021	na	0	0	23,730,085	2.7%
FY1987-88	23,730,085	1,654,844	na	(7,700,000)	0	17,684,929	1.7%
FY1988-89	17,684,929	139,000	na	32,600,000	0	50,423,929	4.4%
FY1989-90	50,423,929	113,114	na	(10,500,000)	0	40,037,043	3.5%
FY1990-91	40,037,043	0	na	(8,100,000)	0	31,937,043	2.3%
FY1991-92	31,937,043	0	na	(5,000,000)	0	26,937,043	1.8%
FY1992-93	26,937,043	0	na	(9,500,000)	0	17,437,043	1.1%
FY1993-94	17,437,043	0	3,063,462	7,250,000	0	27,750,505	1.7%
FY1994-95	27,750,505	0	(8,518,701)	1,250,000	0	20,481,804	1.2%
FY1995-96	20,481,804	0	(20,481,804)	18,189,565	0	18,189,565	1.0%
FY1996-97	18,189,565	0	19,740,786	3,032,333	0	40,962,684	2.0%
FY1997-98	40,962,684	0	91,621,018	0	0	132,583,702	6.3%
FY1998-99	132,583,702	0	111,616,422	(98,500,000)	0	145,700,124	6.9%
FY1999-00	145,700,124	0	20,959,305	(24,500,000)	0	142,159,429	5.9%
FY2000-01	142,159,429	0	77,576,670	(49,500,000)	0	170,236,099	6.9%
FY2001-02	170,236,099	0	0	(60,170,000)	0	110,066,099	4.7%
FY2002-03	110,066,099	66,476,446	0	(87,400,000)	(30,000,000)	59,142,545	2.4%
FY2003-04	59,142,545	59,463,461	0	(61,577,669)	30,000,000	87,028,337	3.2%
FY2004-05	87,028,337	8,170,556	108,727,007	(26,758,180)	0	177,167,720	5.8%
FY2005-06	177,167,720	0	261,715,297	(165,266,227)	0	273,616,790	8.2%
FY2006-07	273,616,790	0	259,929,524	(17,458,523)	0	516,087,791	15.1%
FY2007-08	516,087,791	0	191,436,773	(161,978,767)	0	545,545,797	15.6%
FY2008-09	545,545,797	0	116,976,571	(84,330,505)	0	578,191,863	17.2%
FY2009-10	578,191,863	0	0	(110,990,237)	0	467,201,626	14.6%
FY2010-11	467,201,626	0	0	(154,000,000)	0	313,201,626	8.9%
FY2011-12	313,201,626	8,422,528	145,155,092	(33,439,198)	(4,461,676)	428,878,372	11.6%
FY2012-13	428,878,372	0	104,789,781	(154,008,427)	4,461,676	384,121,402	9.5%
FY2013-14	384,121,402	0	285,292,610	49,651,294	0	719,065,306	17.5%
FY2014-15	719,065,306	0	96,721,232	(87,951,112)	0	727,835,426	16.9%
FY2015-16	727,835,426	0	84,599,532	(81,779,850)	0	730,655,108	17.0%
FY2016-17	730,655,108	0	0	(50,000,000)	0	680,655,108	16.0%
FY2017-18	680,655,108	150,000	0	(340, 930,772)	0	339,874,336	7.4%
FY2018-19	339,990,065	0	61,995,773	(68,436,714)	0	333,549,124	6.8%
FY2019-20	333,549,124	0	176,378,178	(83,619,600)	0	426,307,702	8.6%
FY2020-21	426,307,702	0	10,655,528	(24,700,000)	0	412,263,230	7.8%
FY2021-22 Est	412,263,230	0	535,259,365	50,000,000	0	997,522,595	17.4%
FY2022-23 Est	997,522,595	0	845,390,081	(482,280,000)	0	1,360,632,676	22.8%
FY2023-24 Est	1,360,632,676	0	0	0	0	1,360,632,676	23.7%
FY2024-25 Est	1,360,632,676	0	0	0	0	1,360,632,676	23.6%

# General Fund Revenues

## Revenue Forecasts

Revenue estimates for FY2021-22 and FY2022-23 are the February 2022 forecasts from the Nebraska Economic Forecast Advisory Board (NEFAB). These forecasts yield a projected adjusted revenue growth of 10.6% in FY21-22 and 3.2% in FY22-23, an average growth of 6.9%. This two year growth is significantly above the historical average, and when including the high FY21 growth of 13.5% brings the three year average growth to 9.1%

For the following biennium or what's commonly referred to as the "out years", the preliminary estimates for FY2023-24 and FY2024-25 are prepared by the Legislative Fiscal Office (LFO) using the "capped" historical average methodology. This "smoothing" technique derives "out year" revenue estimates by calculating the level of revenues that would yield a five year average growth (FY21 to FY25) roughly equal to the 40 year historical average (5.0%) less .25% which is the projected impact of indexing the tax brackets as enacted in LB987 (2014). Under this method, revenue growth for the two years would average -2.4%

Table 3 - General Fund Revenue Forecasts

	Actual FY2020-21	NEFAB FY2021-22	NEFAB FY2022-23	LFO Prelim FY2023-24	LFO Prelim FY2024-25
<b>Actual/Forecast</b>					
Sales and Use Tax	2,009,748,270	2,180,000,000	2,350,000,000	2,306,000,000	2,241,000,000
Individual Income Tax	3,130,599,324	2,700,000,000	2,900,000,000	2,856,000,000	2,987,000,000
Corporate Income Tax	571,220,324	605,000,000	475,000,000	373,000,000	352,000,000
Miscellaneous receipts	247,474,510	240,000,000	235,000,000	208,000,000	187,000,000
Total General Fund Revenue	5,959,042,428	5,725,000,000	5,960,000,000	5,743,000,000	5,767,000,000
<b>Adjusted Growth</b>					
Sales and Use Tax	7.9%	13.3%	5.1%	-2.5%	-2.6%
Individual Income Tax	16.4%	4.3%	6.3%	-0.5%	-0.5%
Corporate Income Tax	23.9%	37.5%	-15.8%	-11.4%	-11.4%
Miscellaneous receipts	4.1%	5.6%	5.4%	-4.6%	-4.0%
Total General Fund Revenue	13.5%	10.6%	3.2%	-2.4%	-2.3%
Two Yr Average	9.1%	--	6.9%		-2.4%
Five Yr Average	6.5%	--	8.2%		4.5%

We believe that a significant part of this high back-to-back revenue growth is attributed to a massive amount of federal pandemic funding assistance. Starting at that point with the enactment of the CARES Act, Congress provided large amounts of federal assistance to help offset the economic loss. A total of \$24 billion was allocated to the State of Nebraska in multiple forms. To put this in perspective, this is the equivalent of 22% of total state personal income. And this is not unique to Nebraska as most all of the other states are experiencing the same revenue growth phenomenon. This leads us to believe federal pandemic funding is the common denominator.

Federal COVID 19 Assistance (Source: FFIS)	Billions of \$	% of NPI
Families First Coronavirus Response Act	262,968	0.2%
CARES Act	15,826,552	14.2%
Consolidated Appropriations Act	1,846,301	1.7%
American Rescue Plan Act	5,995,564	5.4%
Coronavirus Preparedness and Response Act	8,448	0.0%
Paycheck Protection & Health Care Enhancement Act	81,717	0.1%
Executive Action	90,400	0.1%
Total	24,111,950	21.6%
2020 Nebraska Personal Income	111,545,000	

The down side is that the large amounts of federal funding assistance is temporary and the high revenues attributed to circulation of this large amount of federal funds is also likely to be temporary leading to low growth or a decline in revenues over the next 2-3 years.

In addition to the large federal pandemic aid, it's very difficult to look at the current revenue forecasts for the five year financial status and compare one year to the next because there are so many large items that affect each year differently. These are the types of adjustments that are made for purposes of calculating rate and base adjusted revenue growth.

A perfect example is the first item on the following table. The shift of \$280 million of income tax from FY20 to FY21 due to the extension of the income tax filing deadline until July 2020. This single item causes a \$560 million (10%) difference in comparing one year to the next.

	Actual FY2019-20	Actual FY2020-21	Est FY2021-22	Est FY2022-23	LFO Prelim FY2023-24	LFO Prelim FY2024-25
COVID-19 related tax filing deadline extension	(280,000,000)	280,000,000	0	0	0	0
Flood related tax filing deadline extension	20,000,000	0	0	0	0	0
2020 Fed Tax Changes (CARES Act)	0	(125,593,000)	(67,123,000)	(57,361,000)	(30,475,000)	(10,000,000)
Taxation of military retirement (LB 153-2020, LBV387-202)	0	0	(13,407,000)	(32,915,000)	(34,725,000)	(36,628,000)
Change taxation of social security (50%, 5 yr phase LB64-2021)		0	(15,098,000)	(28,602,000)	(42,403,000)	(57,448,000)
Legislative enacted cash fund transfers	65,416,628	53,795,957	33,295,957	39,295,957	0	0
Property Tax Relief Credit (LB 1107-2020)	0	(65,000,000)	(548,194,463)	(548,194,463)	(582,819,063)	0
2021 Fed Tax Changes (American Rescue Plan)	0	(29,253,000)	(33,442,000)	(1,229,000)	(452,000)	0
Tax incentive sales tax refunds (state only)	(78,252,000)	(74,184,490)	(143,000,000)	(103,000,000)	(83,000,000)	(85,000,000)
Total of Items Shown	(272,835,372)	39,765,467	(786,968,506)	(732,005,506)	(773,874,063)	(189,076,000)
Difference compared to prior year	na	312,600,839	(826,733,973)	54,963,000	(41,868,557)	584,798,063

The NEFAB does not make official forecasts for the following biennium or what's commonly referred to as the "out years". Although different methodologies could be utilized, the revenue estimates used for the following biennium (FY23-24 and FY24-25) are derived by the Legislative Fiscal Office (LFO) using a "capped" historical average methodology. This "smoothing" technique derives "out year" revenue estimates by calculating the level of revenues that would yield a five year average growth (FY21 to FY25) roughly equal to the 40 year historical average (5.1%) less .25% which is the projected impact of indexing the tax brackets as enacted in 2014 (LB987).. ***Inherent in this methodology is the concept that within any five-year period, below average revenue growth in some years will be offset by above average growth in others and is visually seen in the line graph of historical adjusted revenue growth.***

Over the past 40 years, there were 15 years in which revenue growth was "below average" (1.4% average) and 25 years in which revenue growth was above average (7.6% average). Because the revenue growth in the NEFAB forecasts is so much above average, the revenue growth needed to yield a 4.4% five year average is -2.4% in both FY23-24 and FY24-25.

Alternative methods are also available for purposes of deriving revenue estimates for the following biennium. Both the Nebraska Dept. of Revenue (NDR) and Legislative Fiscal Office

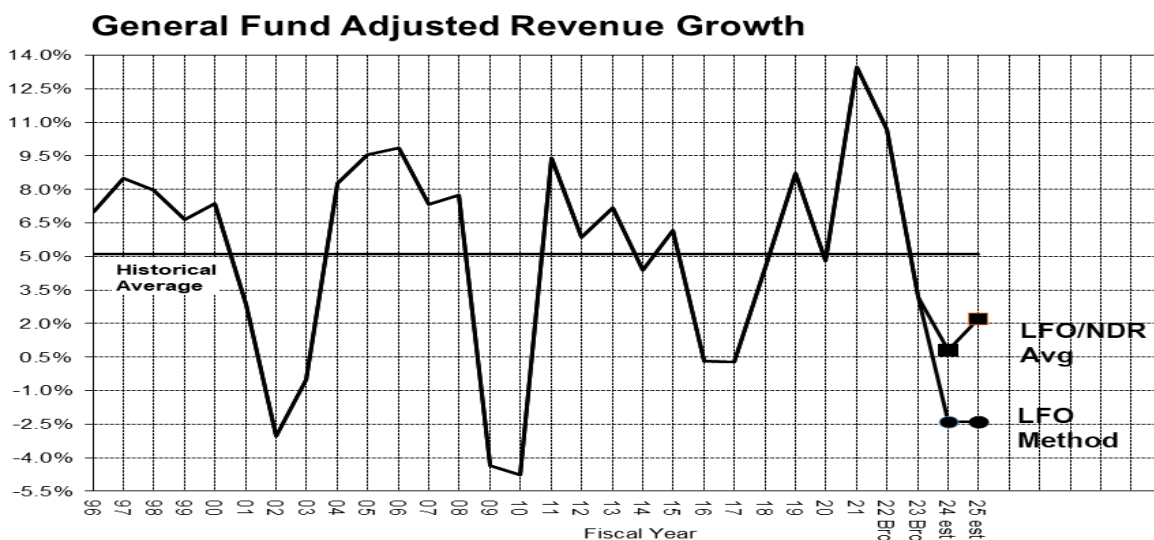
(LFO) have calculated revenue estimates for these two “out years” using the same models and input from HIS Economics and Moody’s, the national forecasting services used as input into the tax forecast models. While these forecasts work well for the 1 to 3 year forecasts, when extended further they have a tendency to flatten out and follow the 3 year trend into the 4<sup>th</sup> and 5<sup>th</sup> year. In other words, they have difficulty picking up changes in the trend. The historical average methodology has been used since 1991 and the “smoothing” technique used for the most part relies on the trend changes.

As shown in Table 4, the preliminary estimates for the two “out years” arrived at using the historical average concept (as used in the Financial Status) is much lower than the unofficial estimates prepared by the Nebraska Dept. of Revenue (NDR) and Legislative Fiscal Office (LFO).

***However when charting against the past 30 year revenue growth, the lower historical average results appear to be more in line with prior high and low cycles.***

Table 4 Comparison of "Out Year" Forecasts

Based on Feb 2022 Revenue Forecasts	Current (LFO Method)	Average (IHS Econ)	Average (All Forecasts)	High Est NDR-IHS	Low Est LFO-MOODY
<b><u>Dollar Forecast (thousands of \$)</u></b>					
FY2023-24 Prelim	5,743,000	5,963,867	5,963,710	6,074,329	5,867,976
FY2024-25 Prelim	5,767,000	6,294,454	6,293,947	6,505,405	6,081,525
<b><u>Calculated Growth (rate and base adjusted)</u></b>					
FY2023-24 Prelim	-2.4%	0.8%	0.8%	2.5%	-0.6%
FY2024-25 Prelim	-2.3%	2.2%	2.2%	3.6%	0.5%
Two Year Average	-2.4%	1.5%	1.5%	3.0%	0.0%
Five Year Average	4.5%	6.1%	6.1%	6.7%	5.5%
<b><u>\$ Difference from Status</u></b>					
FY2023-24	0	220,867	220,710	331,329	124,976
FY2024-25	0	527,454	526,947	738,405	314,525
Cumulative Total	0	748,321	747,657	1,069,734	439,501



# Nebraska Property Tax Incentive Act (LB 1107)

The Nebraska Property Tax Incentive Act was included as part of LB1107 enacted in the 2020 legislative session. The act provides a refundable income tax credit or credit against franchise tax for any taxpayer who pays school district taxes, which is property taxes levied by a school district or school system, excluding property taxes levied for bonded indebtedness and property taxes levied as a result of an override of limits on property tax levies approved by voters. The following shows the calculation of the credit amount under the bill by year.

Fiscal Yr Impact	Income Tax		Property Tax
	Year	Year	Growth
FY 2020-21	2020	2019	Fixed amount at \$125 million
FY 2021-22	2021	2020	\$125 million + growth over 3.5%
FY 2022-23	2022	2021	Prior Yr max + growth over 3.5%
FY 2023-24	2023	2022	Prior Yr max + growth over 3.5%
FY 2024-25	2024	2023	Fixed amount at \$375 million
FY 2025-26	2025	2024	Prior Yr + valuation growth
FY 2026-27	2026	2025	Prior Yr + valuation growth

If the Cash Reserve Fund (CRF) is below \$500 million, 50% of the growth over 3.5% is distributed to increasing the credit. If the CRF is above \$500 million, the growth over 3.5% is distributed 100% to increasing the credit.

The figure below shows the calculation of dollar amounts relative to the 3.5% increase threshold (columns 1, 2, & 3) and the distribution of the amount above 3.5% to the credit (column 4). Column 5 and 6 then show the prior year credit amount and then the estimated total credit amount after adding in any amounts coming from revenue growth. **NOTE THAT THE 3.5% THRESHOLD IS THE GROSS INCREASE OVER THE PRIOR YEAR AND NOT A RATE OR BASE ADJUSTED GROWTH RATE.**

Calculation of Credit Amount	(1) Gen Fund Actual / Est	(2) % Change over Prior Yr	(3) \$ above 3.5% growth	(4) \$ Amt To Credit	(5) Prior Year Credit	(6) Estimated Credit Amt
FY2019-20 Actual	4,939,762,611	--	--	--	--	--
FY2020-21 Actual	5,959,042,429	20.6%	--	--	--	125,000,000
FY2021-22 NEFAB Adjusted	5,725,000,000	-3.9%	846,388,127	423,194,063	125,000,000	<b>548,194,063</b>
FY2022-23 NEFAB Adjusted	5,960,000,000	4.1%	0	0	548,194,063	548,194,063
FY2023-24 LFO Adjusted	5,765,000,000	-3.3%	34,625,000	34,625,000	548,194,063	582,819,063
FY2024-25 LFO Adjusted	5,767,000,000	0.0%	0	(207,819,063)	582,819,063	375,000,000

As noted earlier, the 3.5% threshold is the increase over the prior year not a rate and base adjusted growth rate. The first year this trigger is operative is FY20-21 which had a 20.6% increase in revenue based on actual receipts. About half of this "increase" is attributed to a shift

Impact of Income Tax Filing Date Shift	Credit w/o Filing Shift	Current Credit Estimate	Credit due to filing date shift
FY2020-21	125,000,000	125,000,000	0
FY2021-22	263,294,063	548,194,463	284,900,400
FY2022-23	263,294,063	548,194,463	284,900,400
FY2023-24	340,255,454	625,155,454	284,900,000
FY2024-25	375,000,000	375,000,000	0

of \$280 million of income tax from FY19-20 to FY20-21 due to an extension of the income tax filing deadline from April 2020 to July 2020 due to the COVID 19 outbreak. This quirk in cash flow caused a substantial increase in

the LB1107 credit amount which became the floor for three years. The following illustrates the current estimate of the credit and what it would have been without the income tax cash flow shift due to the extended filing date in 2020..

## Historical General Fund Revenues

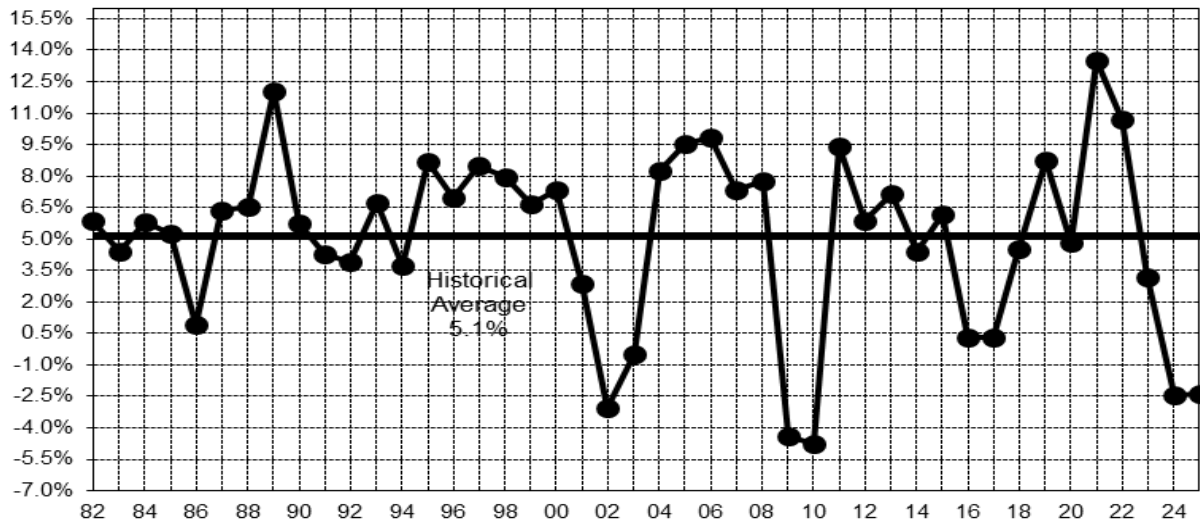
From the numbers shown above, a simple percent change over the prior year can be calculated. While these simple percent changes are appropriate when looking at the actual changes over time, they do not represent what is commonly referred to as revenue growth. *For purposes here, revenue growth means the growth in revenues caused by economic activity and inflation as arrived at by adjusting for items such as tax base and rate changes, legislation enacted, and one-time extraordinary items.* The objective is to measure underlying patterns of revenue growth ignoring such changes.

The average growth over the past 40 years is 5.1%. This revenue growth over time reflects the ebb and flow of economic activity and economic cycles. It reflects new businesses created and existing businesses that close. It reflects new products and services added to the tax base and existing products and services that are eliminated or expire. The key is the net impact. The new or expanded businesses, products or services more than offsets those that decline or disappear leaving a net overall increase averaging a 5.1% growth.

Table 5 Actual and Projected General Fund Revenues

Fiscal Year	Sales and Use Tax	Individual Income Tax	Corporate Income Tax	Miscellaneous Taxes and	Total Net Receipts	Adjusted Growth
FY 2004-05	1,231,011,089	1,400,076,680	198,380,442	207,726,086	3,037,194,297	9.5%
FY 2005-06	1,263,678,691	1,545,338,061	262,295,456	280,875,316	3,352,187,524	9.9%
FY 2006-07	1,303,826,416	1,650,895,394	213,027,010	240,582,953	3,408,331,773	7.3%
FY 2007-08	1,321,867,139	1,726,145,405	232,851,654	225,298,373	3,506,162,571	7.7%
FY 2008-09	1,326,161,017	1,600,418,236	198,483,786	232,405,148	3,357,468,187	-4.4%
FY 2009-10	1,289,796,877	1,514,830,114	154,332,137	245,720,545	3,204,679,673	-4.8%
FY 2010-11	1,372,784,033	1,735,208,600	154,944,966	236,717,493	3,499,655,092	9.4%
FY 2011-12	1,436,909,373	1,822,884,254	234,266,237	201,828,916	3,695,888,780	5.9%
FY 2012-13	1,474,942,641	2,101,912,041	275,562,990	199,940,938	4,052,358,610	7.2%
FY 2013-14	1,524,793,763	2,060,758,896	306,591,027	225,264,546	4,117,408,232	4.4%
FY 2014-15	1,535,419,516	2,205,463,903	346,477,378	217,738,529	4,305,099,326	6.2%
FY 2015-16	1,528,023,310	2,221,088,817	307,669,694	251,199,454	4,307,981,275	0.3%
FY 2016-17	1,548,388,848	2,224,840,053	264,439,713	228,103,331	4,265,771,945	0.3%
FY 2017-18	1,602,737,358	2,360,595,935	313,689,521	289,972,959	4,566,995,773	4.5%
FY 2018-19	1,658,107,133	2,545,680,039	423,737,571	268,853,778	4,896,378,521	8.7%
FY 2019-20	1,848,235,959	2,445,647,485	391,163,752	254,715,415	4,939,762,611	4.8%
FY 2020-21	2,009,748,270	3,130,599,324	571,220,324	247,474,510	5,959,042,428	13.5%
FY 2021-22 NEFAB	2,180,000,000	2,700,000,000	605,000,000	240,000,000	5,725,000,000	10.6%
FY 2022-23 NEFAB	2,350,000,000	2,900,000,000	475,000,000	235,000,000	5,960,000,000	3.2%
FY 2023-24 LFO Prelim	2,306,000,000	2,856,000,000	373,000,000	208,000,000	5,743,000,000	-2.4%
FY 2024-25 LFO Prelim	2,241,000,000	2,987,000,000	352,000,000	187,000,000	5,767,000,000	-2.4%
<b>Avg Growth (adjusted)</b>						
5 Yr Financial Status	4.0%	4.9%	3.3%	1.2%	4.4%	
Above Avg Years (25)	5.6%	9.5%	13.1%	3.6%	7.6%	
Below Avg Years (15)	1.9%	2.3%	-4.2%	0.4%	1.4%	
Hist Average (40 yrs)	4.3%	6.1%	5.5%	1.4%	5.1%	

### General Fund Revenue Growth (Adjusted for Tax Rate and Base Changes)



## Chronology of Revenue Forecasts

Table 6 contains a chronology of the revenue forecasts for FY2020-21 through FY2022-23. The first column shows the total revenue forecast while the last four columns breaks down the total dollar change in the forecast whether caused by bills enacted by the Legislature, other items such as federal tax changes, or simply a change in the revenue expectations (base). Note that in FY22 and FY23 the amounts in the “Other” column relate to changes in the LB1107 income tax credit for property taxes paid which are affected by the change in the prior year forecast.

### Chronology of FY2021-22 Forecasts

Prior forecasts adjusted for subsequent legislation and federal tax changes

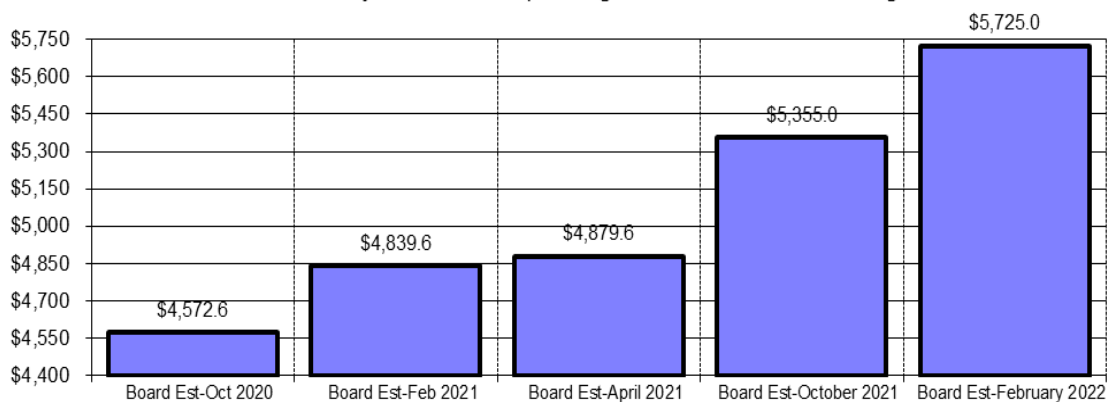




Table 6 Chronology of Revenue Forecasts

	Total	Adj.	Change in Forecast			
	Forecast	Growth	Base	Bills	Other	Total
FY2020-21						
Board Est-October 2018	5,000,000	2.8%				
Board Est-February 2019	4,990,000	3.0%	(10,000)	0	0	(10,000)
Board Est-April 2019	4,990,000	3.2%	0	0	0	0
Sine Die-2019 Session	5,044,919	3.1%	0	54,919	0	54,919
Board Est-Oct 2019	5,150,000	2.0%	105,081	0	0	105,081
Board Est-Feb 2020	5,175,000	0.6%	25,000	0	0	25,000
Board Est-July 2020	5,125,000	-2.0%	(196,036)	0	146,036	(50,000)
Sine Die-2020 Session (Aug)	5,000,589	-3.0%	(0)	(124,411)	0	(124,411)
Board Est-Oct 2020	5,286,000	1.4%	285,411	0	0	285,411
Board Est-Feb 2021	5,490,000	5.7%	204,000	0	0	204,000
Board Est-April 2021	5,580,000	8.0%	90,000	0	0	90,000
Sine Die-2021 Session	5,580,000	8.0%	0	0	0	0
Actual Receipts FY2020-21	5,959,042	14.6%	379,042	0	0	379,042
FY2021-22						
Board Est-Oct 2020	4,920,000	0.7%				
Board Est-Feb 2021	5,085,000	1.7%	267,000	0	(102,000)	165,000
Board Est-April 2021	5,080,000	1.2%	40,000	0	(45,000)	(5,000)
Sine Die-2021 Session	4,879,610	1.0%	(0)	(10,869)	(189,521)	(200,390)
Board Est-October 2021	5,355,000	2.9%	475,390	0	0	475,390
Board Est-February 2022	5,725,000	10.7%	370,000	0	0	370,000
FY2022-23						
Board Est-Oct 2020	5,275,000	6.1%				
Board Est-Feb 2021	5,368,000	4.6%	195,000	0	(102,000)	93,000
Board Est-April 2021	5,368,000	3.9%	45,000	0	(45,000)	0
Sine Die-2021 Session	5,127,358	3.3%	0	(51,121)	(189,522)	(240,642)
Board Est-October 2021	5,555,000	3.2%	427,642	0	0	427,642
Board Est-February 2022	5,743,000	3.2%	188,000	0	0	188,000

## General Fund Transfers-Out

General Fund Transfers-Out accounts for funds that are transferred from the General Fund to another fund within the state treasury. These items have the same effect as an appropriation but are not expended from the General Fund as such and therefore are shown under the revenue category as transfers-out from the General Fund and subsequently expended from the receiving fund.

*The Appropriations Committee proposed budget includes four changes amounting to \$180.3 million of which .*

Table 7 General Fund Transfers-Out

Excludes CRF Transfers	Actual	Current Biennial Budget		Following Biennium	
	FY2020-21	FY2021-22	FY2022-23	FY2023-24	FY2024-25
Property Tax Credit Fund	(272,000,000)	(297,000,000)	(310,000,000)	(310,000,000)	(310,000,000)
Water Resources Cash Fund	(3,300,000)	(3,300,000)	(3,300,000)	0	0
Cultural Preservation Endowment Fund	(500,000)	(1,000,000)	(1,000,000)	(1,000,000)	(1,000,000)
Water Sustainability Fund	(11,000,000)	(11,000,000)	(11,000,000)	(11,000,000)	(11,000,000)
Critical Infrastructure Fund (Gering-Ft. Laramie)	(3,800,000)	0	0	0	0
Rural Workforce Housing Investment Fund	(10,000,000)	0	0	0	0
Middle Income Workforce Housing Investment	(10,000,000)	0	0	0	0
NCCF- Corrections overcrowding	0	(100,000,000)	0	0	0
Prison Overcrowding Contingency Fund	0	(15,000,000)	0	0	0
Nebraska Revolving Loan Fund (LB1107-2020)	0	(5,000,000)	(5,000,000)	0	0
Hall of Fame Trust Fund (LB 4-2021)	0	(10,000)	(10,000)	(10,000)	(10,000)
Customized Job Training Cash Fund (LB 391)	0	(2,500,000)	0	0	0
Nebraska Film Office Cash Fund	0	(1,000,000)	0	0	0
Public Advocacy Cash Fund	0	(520,000)	(520,000)	0	0
Municipal gas emergency act (LB131-2021)	0	(4,000,000)	0	0	0
Municipal Inland Port Authority Act (LB156-2021)	0	0	(5,000,000)	(5,000,000)	0
Shovel-Ready Capital Recovery/Invest (LB566)	0	(15,000,000)	0	0	0
<i>General Fund Transfers-Out (current law)</i>	(230,300,000)	(286,800,000)	(286,800,000)	(286,800,000)	(286,800,000)
Community College State Dependents Fund	0	(500,000)	(1,000,000)	0	0
Governors Emergency Fund (for Peru Levee)	0	0	(5,000,000)	0	0
Jobs & Econ Development Initiative (STARWARS)	0	0	(20,000,000)	0	0
Water Recreation Enhancement Fund (STARWARS)	0	0	(100,000,000)	0	0
NCCF - Fund shifts and new projects	0	0	(40,723,459)	0	0
<i>General Fund Transfers-Out - 2022</i>	0	(500,000)	(166,723,459)	0	0
<i>Total-General Fund Transfers-Out</i>	(455,830,000)	(502,553,459)	(327,010,000)	(322,010,000)	(455,830,000)

**Community College State Dependents Fund** This includes a cash fund appropriation supported by a General Fund transfer of \$500,000 in FY21-22, and a \$1 million appropriation and transfer (General to Cash) in FY22-23. This is for a pilot program that would offer tuition reimbursement for dependents of state employees enrolled in one of the state's 6 community colleges. This program is designed to target dependents who begin their program of study between ages of 18-25 years old, and would provide tuition reimbursement (a maximum of 65 credit hours per student) for those dependents of state employees who earn a grade of C or higher upon completion of a course. Reimbursement checks would be administered by DAS Benefits Administration (Prog 606) and would be issued directly to state employees. A separate cash fund would be established to account for the expenditures.

**Governors Emergency Fund (for Peru Levee)** The proposal includes a cash fund appropriation and transfer from the Cash Reserve Fund to the Governor's Emergency Cash Fund of \$5 million in FY 2022-23 to assist the Peru levee, which was damaged in the historic flooding of 2019. The levee along the Missouri River was breached and flooded the town of Peru. Since then, the Army Corps of Engineers has designated the Peru levee eligible for federal funding to repair the damages. Peru needs to have funding available up front for this

project and the transfer would enable the town to qualify for federal funds to help restore the levee that retains flood waters from entering the town. American Rescue Plan Act (ARPA) dollars are ineligible for this request as federal guidelines state that federal funds cannot be used to match this other federal grant.

**STARWARS Funding (LB 1023)** This proposal provides for transfers from the General Fund to the Jobs & Economic Development Initiative Fund (\$20 million) and Water Recreation Enhancement Fund (\$100 million) in FY 2022-23.

Coupled with an \$80 million transfer from the Cash Reserve Fund to the Jobs & Economic Development Initiative Fund provides a total of \$200 million. These funds are to utilize Nebraska's water resources by creating and upgrading recreational areas throughout the state. Not only would this increase tourism and recreational activity, but also help mitigate flooding and preserve communities drinking water. In one instance, the City of Lincoln's drinking water has been degrading with recent flooding from the Platte River. One potential project would be to establish a reservoir between Omaha and Lincoln. This reservoir would impact local communities by establishing cleaner drinking water and boost economic growth to support the increased recreational activity in the area.

Preliminary Estimate of Funding Needs	\$
Lake McConaughy Region	
Road improvements	6,800,000
Gateway entrance	1,000,000
Marina & amenities	43,000,000
Subtotal	50,800,000
Lower Niobrara & Knox County Region	
Lewis & Clark Marina expansion/retrofit	41,500,000
Niobrara Landing	2,800,000
Niobrara Event Center & Lodge	42,400,000
Subtotal	86,700,000
Lower Platte River Area	
Schuyler Flood Control project	1,000,000
Saunders County Flood Control project	22,000,000
Lower Platte River Lake and Rec Area	46,100,000
Subtotal	69,100,000
<b>Total</b>	<b>206,600,000</b>

**NCCF - Fund shifts and new projects** The Governor and Committee shifted funding for three existing capital construction projects from General Funds to the Nebraska Capital Construction Fund (NCCF) amounting to \$14.25 million. Another \$26.5 million was transferred for 5 new projects for a total transfer of \$23.8 million. This includes a doubling of the State Patrol Crime Lab space.

NCCF		FY2021-22	FY2022-23	2 Yr Total
Construction	Corrections - Security System Upgrades (fund shift NCCF)	0	1,250,000	1,250,000
Construction	Corrections - Capital Infrastructure and Maintenance (fund shift N	0	2,000,000	2,000,000
Construction	DAS - Capitol HVAC Funding , fund shift (NCCF)	0	11,000,000	11,000,000
Construction	Military - Bellevue Readiness Center Construction, state match	0	7,600,000	7,600,000
Construction	Military - Phase 2 HVAC & Interior Remodel	0	201,800	201,800
Construction	Military - Readiness Centers' Backup Generator Construction	0	457,500	457,500
Construction	Military - State-Federal Cost Share Projects	0	534,950	534,950
Construction	NETC - KUON-TV Transmitter replacement	0	800,000	800,000
Construction	State Patrol - Crime Lab Expansion	0	16,879,209	16,879,209
	<b>General Fund Transfer to NCCF</b>	<b>0</b>	<b>40,723,459</b>	<b>40,723,459</b>

## ***General Fund Transfers-In***

Cash funds are funds which contain earmarked revenue sources and monies in those funds can only be used for the purposes authorized by statute. In many instances (since the 2009 special session) an authorized use of monies in a cash fund is transfers to the General Fund at the

discretion of the Legislature. For accounting purposes, these are shown as “Transfers in” and are included as General Fund revenues.

Such transfers for the biennial budget are shown in Table 8 along with amounts that were transferred in FY20-21 which were enacted in the 2019 and 2020 legislative sessions and are already included in FY20-21 actual receipts.

Historically there have been transfers from three main sources; Securities Act Cash Fund, Tobacco Products Admin Cash Fund, and the Dept. of Insurance Cash Fund.

In the 2019 session, total transfers amounted to \$48.8 million in FY2019-20 and \$50.8 million in FY2020-21 and are already reflected in the actual receipts for the respective fiscal years..

In the 2021 session, the enacted budget included transfers-in of \$33.3 million in FY2021-22 and \$39.3 million in FY2022-23. Also included is cancellation of a \$2.25 million of the \$28 million FY21 transfer of Securities Act funds due to lack of adequate cash flow. The transfer-in amounts are lower than the past few years as heavy transfers from these funds in prior years have drawn down the balances to the point where a higher transfer is not sustainable. These transfer amounts are already incorporated into the “Net Receipts” figures of the NEFAB forecasts.

*The Appropriations Committee 2022 proposed budget includes no changes to the transfers enacted in the 2021 session.*

Table 8 General Fund Transfers-In

	Actual FY2020-21	Current Biennial Budget		Following Biennium	
		FY2021-22	FY2022-23	FY2023-24	FY2024-25
Securities Act Cash Fund (FY21 revised)	25,750,000	18,000,000	24,000,000	0	0
Dept. of Insurance Cash Fund	13,500,000	8,000,000	8,000,000	0	0
Tobacco Products Admin Cash Fund	9,000,000	7,000,000	7,000,000	0	0
State Settlement Cash Fund	295,957	295,957	295,957	0	0
Water Sustainability Fund (LB1009)	500,000	0	0	0	0
<i>Transfers-In already in revenue forecast</i>	49,045,957	33,295,957	39,295,957	0	0
None	0	0	0	0	0
<i>General Fund Transfers-In – 2022 Session</i>	0	0	0	0	0
Total General Fund Transfers-In	97,589,933	48,795,957	50,795,957	0	0

# General Fund Appropriations

The financial status shown in this section includes the Appropriations Committee budget recommendations for current year deficits (FY2021-22) and adjustments for FY2022-23, the second year of the biennial budget. A listing of the most significant General Fund adjustments is shown on the next page. The amount of mid-biennium budget adjustments in the Committee budget is a net \$106.3 million increase over the two year period of which \$55.2 million relates to the 2019 flood damage. This does not include the \$75.2 million increase in reappropriation of prior year unexpended funds.

Of the \$106.3 million net increase in General Fund appropriations, \$116.9 million relates to increase in state employee salaries (\$62.9 million) and provider rates (\$54 million.)

<b>FY2020-21</b>	Operations	State Aid	Construction	Total
<b>Total Per 2020 Session</b>	1,699,786,897	3,045,354,340	38,625,661	4,783,766,898
2021 Session Deficits	(45,624,700)	3,689,934	0	(41,934,766)
2021 Session State Claims	419,284	0	0	419,284
2021 Session "A" bills	0	0	0	0
2021 Session - Deficits	(45,205,416)	3,689,934	0	(41,515,482)
<b>Final Appropriation with deficits</b>	1,654,581,481	3,049,044,274	38,625,661	4,742,251,416

<b>FY2021-22</b>	Operations	State Aid	Construction	Total
<b>Total Per 2021 Session</b>	1,742,467,584	3,031,379,312	41,526,176	4,815,373,072
2022 Session-Committee Preliminary	(11,058,001)	762,529	0	(10,295,472)
2022 Session-Post Hearing Adjustments	1,574,168	0	0	1,574,168
2022 Session-Floor Actions	0	0	0	0
2022 Session "A" bills	0	0	0	0
2022 Session-Governor Vetoes	0	0	0	0
2022 Session-Veto Overrides	0	0	0	0
2022 Session "A" bills	0	0	0	0
2022 Session - Deficits	(9,483,833)	762,529	0	(8,721,304)
<b>Final Appropriation with deficits</b>	1,732,983,751	3,032,141,841	41,526,176	4,806,651,768
Change over prior year (excluding deficits)				
Dollar	42,680,687	(13,975,028)	2,900,515	31,606,174
Percent	2.5%	-0.5%	7.5%	0.7%

<b>FY2022-23</b>	Operations	State Aid	Construction	Total
<b>Total Per 2021 Session</b>	1,783,799,087	3,154,235,526	38,171,610	4,976,206,223
2022 Session-Committee Preliminary	76,720,088	(3,483,725)	(14,250,000)	58,986,363
2022 Session-Post Hearing Adjustments	2,655,369	53,410,293	0	56,065,662
2022 Session-State Claims	0	0	0	0
2022 Session-Mainline Veto & Overrides	0	0	0	0
2022 Session "A" bills	0	0	0	0
Post 2022 Session	0	0	0	0
2022 Session - Midbiennium Adjustments	79,375,457	49,926,568	(14,250,000)	115,052,025
<b>Total Per 2022 Session</b>	1,863,174,544	3,204,162,094	23,921,610	5,091,258,248
Change over prior year (excluding deficits)				
Dollar	120,706,960	172,782,782	(17,604,566)	275,885,176
Percent	6.9%	5.7%	-42.4%	5.7%
Two Yr Avg (excluding deficits)	4.7%	2.6%	-21.3%	3.2%

Table 9 Summary of FY2022-23 General Fund Budget

		2022 Committee Proposed Budget			Change vs Prior Yr			
	w/o Deficits FY2021-22	2021 Session FY2022-23	Prelim Adjust FY2022-23	Adjusted Total FY2022-23	FY22-23 (w/o deficits) \$	%	2 Yr Avg % Change	% Total FY22-23
<b>Agency Operations</b>								
University & State /Colleges	685,481,715	699,985,544	1,046,944	701,032,488	15,550,773	2.3%	2.3%	13.8%
Health & Human Services	252,746,312	255,796,626	34,224,002	290,137,765	37,391,453	14.8%	7.4%	5.7%
Correctional Services	245,026,442	256,062,253	33,847,305	289,909,558	44,883,116	18.3%	10.7%	5.7%
Courts	195,926,634	201,236,223	1,174,957	204,031,180	8,104,546	4.1%	0.9%	4.0%
State Patrol	67,522,904	69,750,430	532,240	70,282,670	2,759,766	4.1%	4.4%	1.4%
Retirement Board	57,053,947	58,831,000	(1,004,839)	57,826,161	772,214	1.4%	2.7%	1.1%
Revenue	28,848,741	29,046,325	237,349	29,283,674	434,933	1.5%	0.5%	0.6%
Other 39 Agencies	209,860,889	213,090,686	6,662,130	220,671,048	10,810,159	5.2%	6.9%	4.3%
Total-GF Operations	1,742,467,584	1,783,799,087	76,720,088	1,863,174,544	120,706,960	6.9%	4.7%	36.6%
<b>State Aid to Individuals/Others</b>								
Medicaid	899,933,133	951,835,510	0	991,327,208	91,394,075	10.2%	3.7%	19.5%
Child Welfare Aid	178,071,265	181,510,159	(15,000,000)	179,719,304	1,648,039	0.9%	2.2%	3.5%
Developmental disabilities aid	157,634,528	167,735,010	0	174,638,509	17,003,981	10.8%	5.4%	3.4%
Public Assistance	87,950,162	89,156,005	0	89,156,005	1,205,843	1.4%	1.4%	1.8%
Behavioral Health aid	77,956,716	80,505,211	0	74,311,162	(3,645,554)	-4.7%	1.4%	1.5%
Childrens Health Insurance (SCHIP)	23,275,936	26,433,262	0	26,433,262	3,157,326	13.6%	5.4%	0.5%
Nebr Broadband Bridge Act	19,782,208	19,795,788	0	19,795,788	13,580	100.0%	na	0.4%
Business Innovation Act	14,020,352	15,020,352	0	15,020,352	1,000,000	7.1%	58.0%	0.3%
Aging Programs	11,722,579	11,722,579	0	11,722,579	0	0.0%	0.0%	0.2%
Community health centers	9,814,060	11,314,060	0	11,314,060	1,500,000	15.3%	20.6%	0.2%
Nebraska Career Scholarships	9,000,000	14,000,000	0	14,000,000	5,000,000	55.6%	87.1%	0.3%
Higher Ed Student Aid programs	8,843,430	9,093,430	0	9,093,430	250,000	2.8%	2.3%	0.2%
Public Health Aid	6,877,196	6,877,196	0	6,877,196	0	0.0%	4.0%	0.1%
Nebraska Rural Projects Act	4,715,630	4,896,460	0	4,896,460	180,830	3.8%	na	0.1%
All Other Aid to Individuals/Other	16,336,995	23,878,052	270,000	24,148,052	7,811,057	47.8%	37.0%	0.5%
Total-GF Aid to Individuals/Other	1,525,934,190	1,613,773,074	(14,730,000)	1,652,453,367	126,519,177	8.3%	5.3%	32.5%
<b>State Aid to Local Govts</b>								
State Aid to Schools (TEEOSA)	1,014,915,776	1,039,139,959	(453,725)	1,038,686,234	23,770,458	2.3%	0.8%	20.4%
Property Tax Credit	Transfer	Transfer		Transfer	-	-	-	-
Special Education	233,390,568	235,724,474	0	235,724,474	2,333,906	1.0%	1.0%	4.6%
Aid to Community Colleges	106,645,089	109,804,330	0	109,804,330	3,159,241	3.0%	3.0%	2.2%
Homestead Exemption	104,300,000	109,600,000	11,700,000	121,300,000	17,000,000	16.3%	9.5%	2.4%
Aid to ESU's	13,613,976	13,613,976	0	13,613,976	0	0.0%	0.0%	0.3%
Aid to Counties programs	2,000,000	2,000,000	0	2,000,000	0	0.0%	na	0.0%
High ability learner programs	2,342,962	2,342,962	0	2,342,962	0	0.0%	0.0%	0.0%
Early Childhood programs	11,119,357	11,119,357	0	11,119,357	0	0.0%	13.6%	0.2%
Community Based Juvenile Service	5,798,000	5,798,000	0	5,798,000	0	0.0%	-2.1%	0.1%
Governors Emergency Program	5,000,000	5,000,000	0	5,000,000	0	0.0%	-71.2%	0.1%
Other Aid to Local Govt	6,319,394	6,319,394	0	6,319,394	0	0.0%	9.0%	0.1%
Total-GF Aid to Local Govt	1,505,445,122	1,540,462,452	11,246,275	1,551,708,727	46,263,605	3.1%	-0.1%	30.5%
<b>Capital Construction</b>	41,526,176	38,171,610	(14,250,000)	23,921,610	(17,604,566)	-42.4%	-21.3%	0.5%
<b>TOTAL APPROPRIATIONS</b>	4,815,373,072	4,976,206,223	58,986,363	5,091,258,248	275,885,176	5.7%	3.2%	100.0%

Table 10 General Fund Budget Adjustments – 2022 Session

		Appropriations Committee Proposed		
		FY2019-20	FY2020-21	2 Yr total
1	<b>SIGNIFICANT INCREASES:</b>			
2	DHHS & Juvenile Justice provider rate increase	0	94,620,660	94,620,660
3	All Agencies-Salary costs, revised NAPE, FOP agreement	491,138	62,473,686	62,964,824
4	DHHS-Child Welfare, assume operation of Eastern Service Area.	7,000,000	15,000,000	22,000,000
5	Revenue-Adjust Homestead Exemption to actual under current law	7,900,000	11,700,000	19,600,000
6	Supreme Court-Salary increases per trial court staff salary study	0	2,400,000	2,400,000
7	Corrections-NSP Security Camera Systems	4,000,000	0	4,000,000
8	Education-relocation and consolidation costs	1,506,303	914,683	2,420,986
9	Subtotal-Increases listed	20,897,441	187,109,029	208,006,470
32	<b>SIGNIFICANT REDUCTIONS:</b>			
33	Utilize onetime unexpended funds, offset provider rate increases	0	(39,590,367)	(39,590,367)
34	Corrections-Presumed Payroll (Cares Act)	(23,000,000)	0	(23,000,000)
35	DHHS-Child Welfare, assume operation of Eastern Service Area.	(7,000,000)	(15,000,000)	(22,000,000)
36	Construction-DAS - Capitol HVAC Funding , fund shift	0	(11,000,000)	(11,000,000)
37	Courts-Excess juvenile justice funds, reallocate for salary increases	0	(2,400,000)	(2,400,000)
	Construction-Corrections - Security System Upgrades (fund shift)	0	(1,250,000)	(1,250,000)
	Construction-Corrections - Capital Infrastructure & Maintenance (fund shift)	0	(2,000,000)	(2,000,000)
38	Education-TEEOSA aid adjustment	0	(453,725)	(453,725)
39	Subtotal-Reductions listed	(30,000,000)	(71,694,092)	(101,694,092)
40	<b>ALL OTHER (Net)</b>	381,255	(362,912)	18,343
41	<b>GENERAL FUND NEW APPROPRIATIONS</b>	(8,721,304)	115,052,025	106,330,721

# Significant General Fund Items

## Salary Costs, Revised NAPE & FOP Agreement (All Agencies)

The proposed budget provides funding to cover salary increases that had been negotiated with Nebraska Association of Public Employees (NAPE) and FOP Fraternal Order of Police (FOP) for specific highest demand positions and an additional July 1, 2023 for other employees

This includes 20% increases for the highest demand positions, 30% increases for selected healthcare related positions, and a three dollar pay differential for 24-hour facilities. Also included is a two hundred percent overtime pay rate through FY 2021-22 for 24-hour facilities and through FY 2022-23 for Fraternal Order of Police (FOP) employees in correctional facilities.

Additionally funding is included for a \$4 pay differential for FOP employees in security and Military Department positions, and an \$8 pay differential is included for FOP employees in Corrections and DHHS,

Also for FY 2022-23, the recommendation includes funding equivalent to an additional 2% percent for employees within the state personnel system represented by NAPE and FOP, as well as other State Personnel system employees not represented under a collective bargaining agreement. This additional 2% is also included for employees represented by SLEBC, contingent upon ratification, and employees for the Dept. of Education and Nebraska State College System.

Salary Increase Costs	General Fund FY2021-22	General Fund FY2022-23
#46 Corrections	73,183	33,847,305
#25 DHHS	0	19,224,002
#28 Veterans Affairs	0	4,606,518
#5 Supreme Court	0	1,174,957
#50 State Colleges	0	1,046,944
All other agencies	417,955	2,573,960
State Total	491,138	62,473,686

Note the amount funded is a net figure. In addition to these salary increases, there will be no health insurance premium increase in FY22-23. A 6% increase had already been funded in FY22-23 so funding for the salary increase costs was reduced by the health insurance savings already in the agency budgets.

## Provider Rates – DHHS and Courts

Worker shortages and competition to fill positions led the Governor and DAS Personnel to negotiate significant salary increases for a variety of health care and social services related jobs ranging in the 20% to 30% range. The same factors which affected state agencies in hiring and retaining staff are also impacting various service providers in areas of behavioral health, nursing facilities, child welfare, and developmental disabilities.



Provider Rate Increases	Bill	Gen Funds FY2022-23	Gen Funds FY2023-24	Gen Funds FY2024-25
DHHS Behavioral Health regions - provider rates (15%)	-----	10,305,951	10,305,951	10,305,951
DHHS Medicaid - behavioral health providers (+15%)	LB 762	13,491,698	15,083,520	15,083,520
DHHS Medicaid - nursing facility rates (to target level)	LB 989	26,000,000	26,000,000	26,000,000
DHHS Medicaid - hospitals	-----	0	0	0
DHHS Medicaid - physicians and other providers	-----	0	0	0
DHHS Child Welfare - reimbursement rates (+15%)	LB 1164	13,209,145	13,209,145	13,209,145
DHHS Developmental disability services rate increase (+15%)	LB 893	26,403,499	26,403,499	26,403,499
Courts - Community Corrections behavioral health providers (+15%)	-----	1,620,000	1,620,000	1,620,000
Courts - Juvenile Justice behavioral health providers (+15%)	-----	1,080,000	1,080,000	1,080,000
Courts - Juvenile Justice other providers (+15%)	-----	2,510,367	2,510,367	2,510,367
Subtotal - Gross cost increase		94,620,660	96,212,482	96,212,482
Less: Use of unexpended balance (see below)		(39,590,367)	0	0
Less: base reduction		0	0	0
Less: Use of ARPA funds		0	0	0
Total - Net cost increase		55,030,293	96,212,482	96,212,482
<b>Use of unexpended balance</b>				
25-38 Behavioral Health (50% of est. unencumbered balance)		16,500,000	0	0
25-424 Developmental Disability (50% of est. unencumbered balance)		19,500,000	0	0
05-347 Juvenile Justice (cover 1st yr costs to Prog 347)		3,590,367	0	0
Total Use of unexpended balance		39,590,367	0	0

**Medicaid - Nursing Facilities** A total of \$26 million General Funds is included to allow for a provider rate increase of approximately 16%. A recent study of Nebraska nursing facility rates by BKD CPAs showed a shortfall of \$126.9 million is need for nursing facilities to offer competitive wages. This amount will fill in approximately 50% of the funding gap.

**Medicaid - behavioral health providers** Funding (\$13.5 million General Funds) was included to provide a 15% increase is provided for Medicaid behavioral health rates. This aligns these providers' rates with other similar increases. During the pandemic the need for behavioral health services increased while filling the need became difficult. This increase will help to attract Medicaid behavioral health providers.

**Behavioral Health Region** funding was increased to allow for a 15% increase in service provider rates to attract and retain staff and to address deficits in service provider agency's budgets. The expected costs of the provider rate increases totaled to \$10,305,951 in General Funds. Funding for the provider rates for FY2022-23 was offset by utilizing \$16.5 million of the unexpended balance in the program. Based on year to date expenditures, it's estimated that \$16.5 million of unexpended FY21-22 will be carried forward into FY22-23 to offset the cost of the rate increases. The net impact of these two transactions is a reduction in FY23 funding of \$6,194,049 for FY 2022-23. The offsetting reduction is considered one-time and does not affect the base amount for the behavioral health aid going into the next biennium.

**Developmental Disability services.** The committee included \$26.4 million of additional General Funds to allow for a 15% increase in service provider rates to attract and retain staff and to address deficits in service provider agency's budgets and to address deficits in service provider agency's budgets. Funding for the provider rates for FY2022-23 was offset by utilizing \$19.5 million of the unexpended balance in the program. Based on year to date expenditures, it's estimated that \$19.5 million of unexpended FY21-22 will be carried forward into FY22-23 to offset the cost of the rate increases. The net impact of these two transactions is a net \$6.9 million increase in FY 2022-23. The offsetting reduction is one-time and does not affect the base amount for the developmental disability aid going into the next biennium.

**Juvenile Justice behavioral health providers** Funding is included for a 15% increase in behavioral health provider rates which aligns the rate increase with other similar programs. Accessing services has been difficult due to a shortage of providers. The increase is intended to assist in attracting more providers which will reduce wait time for services. FY2021-22 estimated unexpended funds of \$1,080,000 are used to cover the increased costs in FY22-23. The offsetting reduction of the General Fund is considered one-time and does not affect the base amount going into the next biennium.

**Juvenile Justice providers** Juvenile services provider rates are increased by 15% to align with other provider rates. The providers have had difficulty attracting employees. Due to this, children linger in detention, a shelter or jail for long periods waiting for a service opening or are sent out of state to higher cost facilities at a great distance from their home. FY2021-22 estimated unexpended funds of \$2,510,367 are used to cover the increased costs in FY22-23. The offsetting reduction of the General Fund is considered one-time and does not affect the base amount going into the next biennium.

**Community Corrections behavioral health provider** rates are increased by 15% in line with behavioral health rate increases across other programs providing these services. Accessing services has been difficult due to a shortage of providers. The increase is intended to assist in attracting more providers which will reduce wait time for services.

## Employee Salary Increase (Courts)

The Supreme Court contracted with National Center for State Courts for a salary market study of positions that directly support trial courts. The study compared the salaries of other Midwest states' courts, other similar private and public sector positions including those in state and county agencies in Nebraska. On average the consultant found that salaries averaged 9.7% below market rate and ranged between -4.7% to -17.7%. The proposed budget includes an additional \$2.4 million General Funds to cover the cost of the salary increases. This was subsequently financed with a \$2.4 million reduction in excess juvenile justice funds.

## TEEOSA School Aid (Education)

The Appropriations Committee adjustments modify the budgeted TEEOSA aid amount to the level called for under the existing law as calculated and released by the Dept of Education January 2022. In total this is only \$453,725 below that which had been budgeted last spring.

The following table shows the total amounts for TEEOSA aid (under current law), the key data elements important in determining the total, and the dollar and percent changes.

	Actual FY2020-21	Actual FY2021-22	Current Law FY2022-23	Estimated FY2023-24	Estimated FY2024-25
<u>Key Assumptions</u>					
School Disbursements	1.61%	2.94%	5.56%	3.69%	3.50%
Gen Fund Operating Expenditures (GFOE)	1.42%	1.53%	4.31%	3.69%	3.50%
Property Valuations (assessed)	2.13%	2.21%	3.87%	3.96%	2.40%
Property Valuations (used in formula)	3.88%	4.16%	4.38%	4.67%	3.52%
Cost Growth Factor	4.5%	5.0%	5.0%	5.0%	5.0%
Local Effort Rate	\$1.000	\$1.000	\$1.000	\$1.000	\$1.000
General Funds	1,022,555,859	1,014,915,767	1,038,686,233	1,051,712,265	1,098,164,744
Insurance Premium Tax	30,300,000	32,100,000	32,700,000	33,200,000	33,700,000
Total TEEOSA Aid	1,052,855,859	1,047,015,767	1,071,386,233	1,084,912,265	1,131,864,744

General Funds - Change over Prior Year

General Funds - \$ Change	(13,681,907)	(7,640,092)	23,770,466	13,026,032	46,452,479
General Funds - % Change	-1.3%	-0.7%	2.3%	1.3%	4.4%

All Funds - Change over Prior Year

Total TEEOSA Aid - \$ Change	(13,056,990)	(5,840,092)	24,370,466	13,526,032	46,952,479
Total TEEOSA Aid - % Change	-1.2%	-0.6%	2.3%	1.3%	4.3%
Two Yr Avg % Change	2.7%		1.8%		2.8%

The Governors recommendation was based on the estimate from the statutory required November joint TEEOSA forecast meeting which had estimated an \$18.8 million reduction compared to the amount budgeted during the 2021 session.

The following table shows the chronology of the TEEOSA estimates since Sine Die 2021. The amounts shown are total TEEOSA aid including amounts financed with General Funds and Insurance Premium Tax. Since Sine Die 2021 the estimates for the formula data elements and subsequent aid amount, have now been replaced with actual data that is utilized to certify the FY2022-23 TEEOSA state aid. This includes calculation of formula students, actual Annual Financial Report data which is the basis for calculating NEEDS and other receipts, and property valuations which is the basis for calculating yield from local effort rate.

There were two revisions in the TEEOSA number. The first revision was made at the statutory joint meeting where the Department of Education (NDE), the Property Tax Administrator, the Legislative Fiscal Analyst, and the budget division of DAS are to provide an estimate for the upcoming year. This basically was the estimate used in the Governors recommendation.

The second changes occurred with the development of the NDE calculation of aid under the current law in January 2022.

	All Funds FY2021-22	All Funds FY2022-23	All Funds FY2023-24	All Funds FY2024-25
<b>NDE Jan Calc and Sine Die 2021</b>	<b>1,047,015,767</b>	<b>1,071,239,958</b>	<b>1,116,339,113</b>	<b>1,157,639,442</b>
Valuation, 2021 from 2.99% DPAT Est to 3.87% DPAT certified	0	(6,574,360)	(7,169,984)	(8,104,659)
Valuation; 2022 (2.31% est to 3.96% DPAD est)	0	0	(28,253,307)	(24,787,254)
Student Growth Adjustment (est to NDE)	0	227,021	342,346	354,328
New School Adjustment (est to NDE)	0	9,808,048	9,914,858	10,251,374
Spending growth: FY21 from 4.07% to 3.92% (est from draft AFR))	0	(25,676,558)	(27,498,230)	(24,960,571)
Spending growth: FY22 from 3.5% to 3.7% (use last 5 yr avg)	0	0	5,658,044	6,057,672
Total Change - Nov 2021 Joint Meeting	0	(22,215,848)	(47,006,273)	(41,189,110)
<b>November 2021 Joint Meeting</b>	<b>1,047,015,767</b>	<b>1,049,024,109</b>	<b>1,069,332,840</b>	<b>1,116,450,332</b>
Higher GFOE	0	13,999,612	14,513,711	15,016,338
Change in NEEDS gained or lost in basic funding calculation	0	333,773	(9,436,245)	(9,494,531)
Formula NEEDS Stabilization	0	11,422,393	5,461,745	2,894,694
Averaging Adjustment	0	(1,616,375)	(499,006)	(804,447)
Poverty/LEP adjustments	0	(5,671,255)	0	0
Other NEEDS	0	(1,655,129)	(1,711,853)	(1,772,036)
Other Actual Receipts	0	10,150,857	10,428,996	10,714,756
Yield from LER	0	(4,601,753)	(3,177,924)	(1,140,362)
Total Change - NDE Jan 2021	0	22,362,123	15,579,425	15,414,412
<b>NDE Jan Calc 2022 &amp; Certified</b>	<b>1,047,015,767</b>	<b>1,071,386,233</b>	<b>1,084,912,265</b>	<b>1,131,864,744</b>

## Homestead Exemption (Revenue)

The proposed budget includes appropriation increases for the Homestead Exemption program. The Department of Revenue had requested an additional \$7.9 million be appropriated to the FY22 Homestead Exemption appropriation. Total county certificates for FY22 exceeded the current appropriation by \$7.793 million, and counties are still able to amend their totals until May 30th, 2022, hence the request for \$7.9 million. Total amount needed for FY2021-22 is \$112.2 million.

The department also requested an additional \$11.7 million be added to the FY23 Homestead Exemption estimate of \$109.6 million, based on the current year's growth and expected increase to residential valuations. This brings the FY23 appropriation to \$121.3 million.

## Medicaid Expansion, Clawback, FMAP Unwind (DHHS)

The Governors recommendation and committee proposed budget includes utilizing FY 2020-21 carryover of \$55 million General to finance the agency's requested Medicaid issues. This balance was incurred due to the enhanced Federal Medical Assistance Percentage (FMAP) and will be utilized to assist future Medicaid costs. The recommendation also includes the use of \$21.6 million that is expected to be returned by the Managed Care Organization (MCO) into the Medicaid Managed Care Excess Profit Fund to support the Public Health Unwind. The three Medicaid requests are detailed below:

- Medicaid Expansion – The agency requested \$26,552,237 General Funds and \$238,970,137 federal funds in FY 2021-22 and \$24,498,399 General Funds and \$220,485,295 federal funds in FY 2022-23 to rebase the program for a full 12 months, as the original appropriation was based on nine months of use.
- Medicare Part D Clawback – The agency requested \$5.5 million General Funds in FY 2022-23 due to an increase in amount the state is required to contribute toward the cost of prescription drugs for Medicaid/Medicare Dual Eligible individuals.
- Medicaid Public Health Unwind – The agency requested \$20,238,085 General Funds and \$114,259,325 federal funds over the biennium to finance the increased cases that were the result of the continuous eligibility requirement that came with the enhanced FMAP. When the public health emergency (PHE) and enhanced FMAP ends, there will be a period of up to 12 months where the agency will no longer receive the enhanced FMAP, but will have the increased number of cases, until all cases are reviewed for eligibility. The request is based on the assumption that the PHE will be extended one additional period, until April 2022, and the enhanced FMAP will end June 30, 2022.

Medicaid	FY2021-22	FY2022-23	2 Yr Total
Medicaid Public Health Emergency (PHE) FMAP unwind	(36,493,812)	56,776,897	20,283,085
Medicaid expansion, annualize	26,552,237	24,498,366	51,050,603
Medicaid Part D Clawback	0	5,500,000	5,500,000
Subtotal	(9,941,575)	86,775,263	76,833,688
Less: Use of Medicaid Managed Care Excess Profit Fund		(21,555,907)	(21,555,907)
Net Amount Needed	(9,941,575)	65,219,356	55,277,781

## **Child Welfare Case Counts (DHHS)**

The agency requested \$8,044,726 General Funds and \$17,635,565 federal funds in FY 2021-22 and \$22,069,700 General Funds and \$15,270,758 federal funds in FY 2022-23 due to increases in child welfare cases. From July 2019 to October 2021, the number of child welfare cases grew by 29.9%. The more recent months of February 2021 through October 2021 account for 20.2% of the growth. The request assumes the growth rate will continue through the end of FY 2023. The second year of the request does not have the enhanced FMAP of 6.2%. The reasons for the increase are unclear but consistent with those of other states.

The Governor's recommendation and committee proposed budget includes utilizing FY 2020-21 carryover of \$19.9 million General Funds in the Child Welfare Program, and \$10.1 million in ARPA federal funding related to the General Fund portion of the request to support increased case counts.

## **Child Welfare, assume operation of Eastern Service Area (DHHS)**

The proposed budget includes the agency request of a transfer of child welfare aid funding to the administrative budget program. The department announced on December 14th that by mutual agreement the contract for case management services in the Eastern Service Area with Saint Francis Ministries would begin transitioning starting January 3, 2022, with the transition completed within 180 days. Current contract costs are funded in the Program 354 Child Welfare Aid. With state staff assuming the case management responsibilities the costs shift to Program 033 Administration; \$7 million for the remainder of FY21-22 and \$15 million for FY22-23..

## **CARES Act, Presumed Payroll (Corrections)**

The 2020 Coronavirus Aid, Relief, and Economic Security (CARES) Act included over one billion dollars in federal Coronavirus Relief funding to Nebraska. Under United States Treasury guidelines, salary expenditures for local and state public safety personnel from March 1, 2020 – December 31, 2021, could be presumed to apply to COVID-19 related activities, and therefore qualified for federal reimbursement through the federal Coronavirus Relief Fund (CRF).

The Nebraska Department of Correctional Services (NDCS) submitted for reimbursement from the CRF, \$23 million General Fund payroll expenditures for protective services and direct-contact medical services personnel within the agency for the period July 1, 2021 – November 30, 2021. Through the reimbursement process, these expenditures were shifted to the CRF federal funds, thereby reducing the agency General Fund expenditures by a like amount in FY 2021-22. The proposed budget reduces the FY 2021-22 General Fund appropriations to NDCS by \$23 million, but then subsequently adds \$4 million for the agency to use toward replacements and upgrades to facility security camera systems.

# Total Appropriations – All Funds

Table 11 shows the total appropriation from all fund sources as enacted in the 2021 legislative session with the Appropriations Committee proposal for budget adjustments in the 2022 session.

Table 13 shows the major cash, federal, revolving and NCCF items included in the committee proposal. Following that table is a narrative description of several of the largest items. Note that the increase in Federal Funds is almost all due to matching funds for General Fund items described in other areas of this report.

Table 11 Total Appropriations - All Funds

<b>FY2020-21</b>	General	Cash	Federal	Rev/Other	Total
<b>Adjusted Per 2020 Session</b>	4,783,766,898	2,577,453,163	3,577,212,658	973,836,789	11,912,269,508
2021 Session Deficits	(41,934,766)	886,480	6,971,361	0	(34,076,925)
2021 Session State Claims	419,284	0	0	380,335	799,619
2021 Session "A" bills	0	0	95,062	0	95,062
<b>Final Appropriation per 2021 Session</b>	<u>4,742,251,416</u>	<u>2,578,339,643</u>	<u>3,584,279,081</u>	<u>974,217,124</u>	<u>11,879,087,264</u>
<b>FY2021-22</b>	General	Cash	Federal	Rev/Other	Total
<b>Total Per 2021 Session</b>	4,815,373,072	2,803,645,227	3,977,876,101	995,503,003	12,592,397,403
2022 Session-Committee Proposed	(8,721,304)	(15,743,688)	353,708,141	3,802,150	333,045,299
2022 Session "A" bills	0	0	0	0	0
<i>2022 Deficits</i>	<u>(8,721,304)</u>	<u>(15,743,688)</u>	<u>353,708,141</u>	<u>3,802,150</u>	<u>333,045,299</u>
<b>Final Total - 2022 Session</b>	4,806,651,768	2,787,901,539	4,331,584,242	999,305,153	12,925,442,702
Change over prior year (without deficits)					
Dollar	31,606,174	226,192,064	400,663,443	21,666,214	680,127,895
Percent	0.7%	8.8%	11.2%	2.2%	5.7%
<b>FY2022-23</b>	General	Cash	Federal	Rev/Other	Total
<b>Total Per 2021 Session</b>	4,976,206,223	2,765,076,742	3,872,871,585	946,345,942	12,560,500,492
2022 Session-Committee Proposed	115,052,025	458,897,135	454,480,789	91,428,340	1,119,858,289
2022 Session "A" bills	0	0	0	0	0
<i>2022 Session Midbiennium Actions</i>	<u>115,052,025</u>	<u>458,897,135</u>	<u>454,480,789</u>	<u>91,428,340</u>	<u>1,119,858,289</u>
<b>Total Per 2022 Session</b>	5,091,258,248	3,223,973,877	4,327,352,374	1,037,774,282	13,680,358,781
Change over prior year (without deficits)					
Dollar	275,885,176	420,328,650	349,476,273	42,271,279	1,087,961,378
Percent	5.7%	15.0%	8.8%	4.2%	8.6%

# Cash Funds

Major Items - Cash Funds	FY2021-22	FY2022-23	2 Yr Total
<u><b>Appropriation Authority of Transferred Funds:</b></u>			
Natural Resources - Jobs & Econ Development Initiative (STARWARS) (LB 1023)	0	100,000,000	100,000,000
Const – Game & Parks - Water Recreation Enhancement (STARWARS) (LB 1023)	0	100,000,000	100,000,000
Natural Resources - Perkins County Canal Project (LB 1015)	0	53,500,000	53,500,000
Natural Resources - Surface Water Irrigation Infrastructure Fund (LB 1074)	0	50,000,000	50,000,000
DED - Nebraska Rural Projects Act (LB 788)	0	50,000,000	50,000,000
DED - Rural Workforce Housing fund (LB 1071)	0	30,000,000	30,000,000
Vets Affairs - Military Base Development fund (LB 1233)	0	25,000,000	25,000,000
DED - US Strategic Command facility (LB 1232)	0	20,000,000	20,000,000
DED - Middle Income Housing fund (LB 1252)	0	20,000,000	20,000,000
DED - Intern Nebraska Cash Fund (LB 1167)	0	20,000,000	20,000,000
Game / Parks - Develop/improvements national rail-trail route (LB 813)	0	8,300,000	8,300,000
Military Dept - Peru Levee	0	5,000,000	5,000,000
Vets Affairs - Offutt & STRATCOM Promotion	0	5,000,000	5,000,000
<u><b>Other Cash Fund Items</b></u>			
DHHS - Medicaid Public Health Emergency (PHE) FMAP unwind	21,555,907	0	21,555,907
DHHS - Cash Spending Authority for Opioid Settlements	2,000,000	15,000,000	17,000,000
All Agencies - Salary costs, revised NAPE, FOP agreement	1,304,784	4,693,203	5,997,987
Corrections - Additional funding, Vocational and Life Skills (LB 1111)	0	4,300,000	4,300,000
Motor Vehicles - License Plate Cost Increase	1,293,476	654,222	1,947,698
Game & Parks - Web-based Permit/Licensing System	600,000	1,200,000	1,800,000
DAS - Dependent Community College Scholarships	500,000	1,000,000	1,500,000
Const - Game & Parks - New Cabins at Mahoney State Park	1,750,000	0	1,750,000
Const - Vets Affairs - State Veterans Cemetery Construction	750,000	0	750,000
Corrections – Grants, skilled labor and trades mentoring (LB 1197)	0	500,000	500,000
Education - Move COVID-19 Aid Appropriation to Correct Fund	(46,971,361)	(26,971,361)	(73,942,722)
All Other	1,409,456	3,583,541	4,992,997
<b>TOTAL CASH FUNDS</b>	<b>(15,743,688)</b>	<b>489,897,135</b>	<b>474,153,447</b>

About 99% of the cash fund appropriations in the Appropriations Committee proposal relates to transfers from either the Cash Reserve Fund or General Fund to another cash fund. A narrative description of the projects is included in the transfer section for the CRF (page 8) and General Fund (page 21)

## **DHHS - Medicaid Public Health Emergency (PHE) FMAP unwind**

The Families First Coronavirus Response Act provided for an enhanced Medicaid match of 6.2% through the end of the quarter in which the Public Health Emergency ends. The PHE has been extended multiple times and is projected to end in April 2022. Based on an April end date of the PHE, the enhanced FMAP would be discontinued at the end June 2022. The deficit request in FY 2022 reflects General Fund savings from the 6.2% enhanced match, netting out the additional payments to nursing facilities the Governor authorized through June 2022.

A condition of receiving the enhanced FMAP is that enrollees cannot be disenrolled until after the end of the PHE and the cases are redetermined. Additionally no more than one-twelfth of the PHE eligibles can be redetermined each month per. During the redetermination period the FMAP drops to the normal percentage match. The FY 2023 deficit is due to the stratification of

the redetermination process without the enhanced match. The recommendation also includes the use of \$21.6 million that is expected to be returned by the Managed Care Organization (MCO) into the Medicaid Managed Care Excess Profit Fund to support the Public Health Unwind.

### **DHHS - Cash Spending Authority for Opioid Settlements**

The Department of Health and Human Services, Division of Behavioral Health (Program 38), is requested a \$2 million increase in FY 2021-22 and a \$15 million increase for FY 2022-23 for the distribution of national opioid settlement funds awarded to Nebraska. The Nebraska Attorney General indicates that the state will receive \$100 Million over an 18-year period from a settlement with three drug distribution companies and the largest producer of opioids. The AG states the money will be utilized primarily for opioid abuse prevention, some to be used for treatment, and a small amount for law enforcement. Per LB 1184 (2020), which enacted the Nebraska Opioid Prevention and Treatment Act, the settlement funds will be deposited into the Opioid Recovery Fund. The Attorney General's Nebraska Coalition to Prevent Opioid Abuse workgroup is in the process of identifying the priority use of the funds and it is anticipated that expenditures could begin in early 2022. To date, Nebraska has received \$2.1 million in settlement funding and additional funding is expected in the upcoming months.

### **Vocational and Life Skills Programming (LB1111 and LB1197)**

Last year, the Appropriations Committee had proposed allocating \$115 million to the NCCF for purposes of correctional facilities. A floor amendment reallocated \$15 million of these funds to the Prison Overcrowding Contingency Fund.

The Committee's recommendation amends the fund language to permit transfers and includes a transfer of \$5 million per year for three years from this fund to the Vocational and Life Skills Programming Fund, which is appropriated to the Department of Correctional Services, to fund the provisions of LB 1111 and LB 1197 for the next three fiscal years. The proposal appropriates \$4.3 million per year for grants to organizations that provide: reentry and restorative justice programming; reentry centers; transitional, community, and half-way housing; supportive permanent housing; wrap-around services; facility-based programming; community corrections; front-end, middle, and back-end services and interventions; and family support per LB 1111. Funding is also increased for grants for apprenticeship programs by \$500,000 Cash Funds per LB 1197. Current funding for these grants is \$500,000 General Funds per year.

## ***Federal Funds***

Major Items - Federal Funds	FY2021-22	FY2022-23	2 Yr Total
DHHS - Medicaid expansion, annualize	238,970,137	220,485,295	459,455,432
DHHS - Medicaid Public Health Emergency (PHE) FMAP unwind	36,493,812	77,765,513	114,259,325
DHHS & Juvenile Justice provider rate increase	0	99,331,766	99,331,766
Education - Move COVID-19 Aid Appropriation to Correct Fund	46,971,361	26,971,361	73,942,722
DHHS - Child Welfare, increased caseload	17,635,565	15,270,758	32,906,323
All Agencies - Salary costs, revised NAPE, FOP agreement2828	4,018,746	7,341,333	11,360,079
Construction - Vets Affairs - State Veterans Cemetery Construction	6,750,000	0	6,750,000
Education - Relocation and consolidation costs	2,153,254	1,360,972	3,514,226
DHHS - Child Care provider rates to 75th percentile Market Rate Survey	0	2,372,215	2,372,215
Construction - Military - State-Federal Cost Share Projects	0	1,418,850	1,418,850
All Other	715,266	2,162,726	2,877,992
<b>TOTAL FEDERAL FUNDS</b>	<b>353,708,141</b>	<b>454,480,789</b>	<b>808,188,930</b>



About 90% of the federal fund appropriations in the Appropriations Committee proposal relates to a Dept. of Health and Human Services (DHHS) General Fund issue discussed starting on page 28

And the fourth largest item totaling \$73.9 million simply corrects a fund source error which had shown this amount as cash funds but should have been federal funds.

## ***Revolving & NCCF***

Major Items – NCCF / Revolving	FY2021-22	FY2022-23	2 Yr Total
<b><u>Nebr Capital Construction Fund (NCCF) Cash Reserve Transfers</u></b>			
Construction-University - agricultural innovation facility, Innovation Campus (LB703)	0	25,000,000	25,000,000
Construction-DHHS - YRTC Kearney project (LB 792)	0	15,580,000	15,580,000
<b><u>Nebr Capital Construction Fund (NCCF) General Fund Transfers</u></b>			
Construction-Military - Bellevue Readiness Center Construction, state match	0	7,600,000	7,600,000
Construction-Military - State-Federal Cost Share Projects	0	534,950	534,950
Construction-Military - Readiness Centers' Backup Generator Construction	0	457,500	457,500
Construction-Military - Phase 2 HVAC & Interior Remodel	0	201,800	201,800
Construction-Corrections - Security System Upgrades (fund shift NCCF)	0	1,250,000	1,250,000
Construction-Corrections - Capital Infrastructure & Maintenance (fund shift NCCF)	0	2,000,000	2,000,000
Construction-Corrections - Mental Health Beds (NCCF)	0	4,000,000	4,000,000
Construction-NETC - KUON-TV Transmitter replacement	0	800,000	800,000
Construction-State Patrol - Crime Lab Expansion	0	16,879,209	16,879,209
Construction-DAS - Capitol HVAC funding, fund shift (NCCF)	0	11,000,000	11,000,000
<b><u>Revolving</u></b>			
All Agencies-Salary costs, revised NAPE, FOP agreement	1,683,609	3,195,850	4,879,459
DAS-Increase PSL and Appropriation-Personnel Program	1,076,500	1,076,500	2,153,000
DAS-Revolving fund impact, Child Welfare ESA shift to oper	539,017	668,100	1,207,117
DAS-Revolving fund impact, Child Welfare ESA shift to oper	237,500	570,000	807,500
DAS-Revolving fund impact, Child Welfare ESA shift to oper	208,333	500,000	708,333
All Other (Revolving)	57,191	114,431	171,622
<b>TOTAL NCCF / REVOLVING FUNDS</b>	<b>3,802,150</b>	<b>91,428,340</b>	<b>95,230,490</b>

The NCCF projects financed with a Cash Reserve Fund transfers are described in the CRF section starting on page 8.

**State Patrol - Crime Lab Expansion** The Nebraska State Patrol contracted for and completed a needs assessment study and subsequent program statement to evaluate the current state of the State Patrol Crime Laboratory facility (NSP Crime Lab). The demands on the NSP Crime Lab have increased significantly since the facility was built in 2015. The program statement concluded an additional 30,827 square feet of space is needed for current and future needs of the NSP Crime Lab. The Lincoln Airport Authority, which built and owns the original building and grounds, is willing to partner with the State Patrol to expand the facility to accommodate these needs. The cost of the project is estimated at \$16,879,209. The recommendation includes Nebraska Capital Construction Fund (NCCF) appropriation of \$16,879,209 in FY 2022-23 to allow for this expansion. The recommendation also provides for a transfer from the Cash Reserve Fund to the NCCF of this same amount.

**Military - Bellevue Readiness Center Construction, state match** During the 2019 session federal funding for this project was included in the biennial Capital Construction bill (over the two fiscal years, a total of \$30,554,000). These amounts were reappropriated during the 2021 session. The first construction bidding period occurred during June of 2020 with the lowest bid coming in at \$39 million. Due to various reasons, which includes the National Guard Bureau directing the original federal cost of \$29 million developed in 2013 remain unchanged, the project was redesigned and the project scope reduced by 20%. A second bidding period occurred in June 2021 where the lowest bid was \$37.4 million. After the second bidding period, the Military Department determined the main factors which contributed to the bid being over budget were related to federal requirements:

With these factors being identified, the Military Department determined that having a state share-of-cost to fund the project would negate the federal requirements allowing for cost savings in addition to the cost savings achieved when the project was redesigned and scope reduced by 20%. This would provide \$7.6 million of state funding to contribute to building the ~105,000 sq./ft. Bellevue Readiness Center which would house five units (352 individuals).

**State Capitol HVAC Funding** The committee's recommendation has two issues related to the Capitol HVAC Project. First is a shift of \$11 million from General Funds to NCCF and a like transfer from the General Fund to the NCCF. The second provides additional funding of \$25,288,007 for the Capitol HVAC Project in the 2023-25 biennium (subject to a reaffirmation by the 108th Legislature). This increase was precipitated by several factors including supply chain issues, labor cost increases, and material cost increases. The additional funding will allow the Office of the Capital Commission to complete the HVAC project *as originally planned/designed*.

## **Appendix A**

### **Detailed Listing of All Budget Adjustments**

	Fund	Current Biennium		Est for Following Biennium	
		FY201-22	FY2022-23	FY2023-24	FY2024-25
<b>#05-Supreme Court</b>					
52 Salary increases per trial court staff salary study	Gen	0	2,400,000	2,400,000	2,400,000
52 Dispute Resolution, unstustainable cash fund level	Gen	0	270,000	270,000	270,000
434 Additional funds, Office of Public Guardian (LB 1049)	Gen	0	500,000	500,000	500,000
435 Community Corrections, behavioral health provider rates (+15%)	Gen	0	1,620,000	1,620,000	1,620,000
437 Excess juvenile justice funds, reallocate for salary increases	Gen	0	(2,400,000)	(2,400,000)	(2,400,000)
437 Juvenile Justice, behavioral health provider rates (+15%)	Gen	0	1,080,000	1,080,000	1,080,000
437 Juvenile Justice, other provider rates (+15%)	Gen	0	2,510,367	2,510,367	2,510,367
437 Utilize onetime unexpended funds, offset provider rate increase	Gen	0	(3,590,367)	0	0
437 Excess juvenile justice funds, reallocate for Office of Public Guardian	Gen	0	(500,000)	(500,000)	(500,000)
<b>#11-Attorney General</b>					
507 DHHS contract amount	Rev	57,191	114,431	114,431	114,431
<b>#12-State Treasurer</b>					
475 Program manager expenses	Cash	64,050	64,050	64,050	64,050
<b>#13-Dept of Education</b>					
25 Retiree Vacation & Sick Leave Payout	Gen	95,037	0	0	0
25 Security and support services	Gen	38,580	3,549	0	0
25 Security and support services	Cash	4,065	374	0	0
25 Security and support services	Fed	56,065	5,473	0	0
25 Correct LB396A Farm to School Appropriation	Gen	100,000	100,000	100,000	100,000
158 Correct LB396A Farm to School Appropriation	Gen	(100,000)	(100,000)	(100,000)	(100,000)
158 Move COVID-19 Aid Appropriation to Correct Fund	Cash	(46,971,361)	(26,971,361)	(26,971,361)	(26,971,361)
158 Move COVID-19 Aid Appropriation to Correct Fund	Fed	46,971,361	26,971,361	26,971,361	26,971,361
158 TEEOSA aid adjustment	Gen	0	(453,725)	(32,026,848)	(26,474,697)
158 TEEOSA aid adjustment (insurance premium tax)	Gen	(137,471)	0	0	0
521 Retiree Vacation & Sick Leave Payout	Fed	19,282	0	0	0

		Fund	Current Biennium		Est for Following Biennium	
			FY201-22	FY2022-23	FY2023-24	FY2024-25
All	OCIO Technology Deployment Rate Increases	Gen	9,748	11,458	11,458	11,458
All	OCIO Technology Deployment Rate Increases	Cash	1,389	1,631	1,631	1,631
All	OCIO Technology Deployment Rate Increases	Fed	45,863	53,911	53,911	53,911
All	Relocation and consolidation costs	Gen	1,506,303	914,683	914,683	914,683
All	Relocation and consolidation costs	Cash	163,927	100,106	100,106	100,106
All	Relocation and consolidation costs	Fed	2,153,254	1,360,972	1,360,972	1,360,972
<b>#14-Public Service Commission</b>						
54	General Fund Shortfall Program 54	Gen	186,092	186,092	186,092	186,092
64	Increase 211 Information & Referral Grant (LB 911)	Cash	0	655,000	655,000	655,000
<b>#16-Dept of Revenue</b>						
108	Adjust Homestead Exemption to actual under current law	Gen	7,900,000	11,700,000	11,700,000	11,700,000
<b>#22-Dept of Insurance</b>						
69	Market Stabilization Cycle I Federal Grant	Cash	(278,821)	0	0	0
69	Market Stabilization Cycle I Federal Grant	Fed	278,821	0	0	0
69	Market Stabilization Cycle II Federal Grant	Cash	0	(183,100)	(183,100)	(183,100)
69	Market Stabilization Cycle II Federal Grant	Fed	0	183,100	183,100	183,100
<b>#24-Dept of Motor Vehicles</b>						
90	License Plate Cost Increase	Cash	1,293,476	654,222	654,222	654,222
<b>#25-Health and Human Services</b>						
33	Economic Assistance Staff Additions	Gen	29,285	117,137	117,137	117,137
33	Economic Assistance Staff Additions	Fed	315,235	1,260,942	1,260,942	1,260,942
33	OCIO Utilization Increases	Gen	0	0	0	0
33	OCIO Utilization Increases	Fed	ARPA	ARPA	0	0
38	Cash Spending Authority for Opioid Settlements	Cash	2,000,000	15,000,000	15,000,000	15,000,000
38	Behavioral Health aid, provider rate increase (15%)	Gen	0	10,305,951	10,305,951	10,305,951
38	Utilize onetime unexpended funds, offset provider rate increase	Gen	0	(16,500,000)	0	0
175	Federal and Cash Spending Authority for Loan Repay	Cash	1,500,000	1,500,000	1,500,000	1,500,000
347	Child Care provider rates to 75th percentile Market Rate Survey	Fed	0	2,372,215	2,372,215	2,372,215

		Fund	Current Biennium		Est for Following Biennium	
			FY201-22	FY2022-23	FY2023-24	FY2024-25
348	Medicaid Public Health Emergency (PHE) FMAP unwind	Gen	see reapp	0	0	0
348	Medicaid Public Health Emergency (PHE) FMAP unwind	Cash	21,555,907	0	0	0
348	Medicaid Public Health Emergency (PHE) FMAP unwind	Fed	36,493,812	77,765,513	77,765,513	77,765,513
348	Medicaid expansion, annualize	Gen	see reapp	0	0	0
348	Medicaid expansion, annualize	Fed	238,970,137	220,485,295	220,485,295	220,485,295
348	Medicaid reappropriation (\$55,277,781)	Gen	Yes	0	0	0
348	Medicaid behavioral health provider rate increase (15%)	Gen	0	13,491,698	15,083,520	15,083,520
348	Medicaid behavioral health provider rate increase (15%)	Fed	0	22,966,424	25,676,140	25,676,140
348	Medicaid nursing facility rates (to target level)	Gen	0	26,000,000	26,000,000	26,000,000
348	Medicaid nursing facility rates (to target level)	Fed	0	34,482,216	34,482,216	34,482,216
348	Developmental Disability, provider rate increase (+15%)	Fed	0	41,297,781	41,297,781	41,297,781
354	Child Welfare, increased caseload	Gen	see reapp	0	0	0
354	Child Welfare, increased caseload	Fed	17,635,565	15,270,758	15,270,758	15,270,758
354	Child Welfare, reappropriation (\$19,986,519)	Gen	Yes	0	0	0
354	Child Welfare, assume operation of Eastern Service Area.	Gen	(7,000,000)	(15,000,000)	(15,000,000)	(15,000,000)
354	Child Welfare, assume operation of Eastern Service Area.	Gen	7,000,000	15,000,000	15,000,000	15,000,000
354	Child Welfare, provider rate increase (+15%)	Gen	0	13,209,145	13,209,145	13,209,145
354	Child Welfare, provider rate increase (+15%)	Fed	0	585,345	585,345	585,345
424	Developmental Disability, provider rate increase (+15%)	Gen	0	26,403,499	26,403,499	26,403,499
424	Utilize onetime unexpended funds, offset provider rate increase	Gen	0	(19,500,000)	0	0
514	Perinatal Quality Improvement Collaborative (LB 782)	Cash	0	130,000	130,000	130,000
514	University of Nebraska pancreatic cancer research (LB 766)	Cash	0	\$15M transfer	0	0

### **#27-Dept of Transportation**

569	NDOT EnterpriseOne Financial System Implementation	Cash	(381,152)	(1,429,414)	(1,429,414)	(1,429,414)
572	NDOT EnterpriseOne Financial System Implementation	Cash	381,152	1,429,414	1,429,414	1,429,414

### **#28-Dept of Veterans Affairs**

511	Offutt & STRATCOM Promotion	Cash	0	5,000,000	0	0
511	Military Base Development fund (LB 1233)	Cash	0	25,000,000	0	0

### **#29-Dept of Natural Resources**

319	Perkins County Canal Project (LB 1015)	Cash	0	53,500,000	0	0
319	Jobs and Economic Development Initiative (STARWARS) (LB1023)	Cash	0	100,000,000	0	0
309	Surface Water Irrigation Infrastructure Fund (LB 1074)	Cash	0	50,000,000	0	0

		Fund	Current Biennium		Est for Following Biennium	
			FY201-22	FY2022-23	FY2023-24	FY2024-25
<b>#31-Military Dept</b>						
192	Peru Levee	Cash	0	5,000,000	0	0
<b>#33-Game and Parks Commission</b>						
337	Applications Lead Developer	Cash	0	100,000	100,000	100,000
337	Web-based Permit/Licensing System	Cash	600,000	1,200,000	1,200,000	1,200,000
550	Funding for develop/improvements national rail-trail route (LB 813)	Cash	0	8,300,000	0	0
<b>#46-Dept of Correctional Services</b>						
200	NSP Security Camera Systems	Gen	4,000,000	0	0	0
200	Presumed Payroll (Cares Act)	Gen	(23,000,000)	0	0	0
214	Additional funding, Vocational and Life Skills (LB 1111)	Cash	0	4,300,000	4,300,000	4,300,000
214	Grants, skilled labor and trades mentoring (LB 1197)	Cash	0	500,000	500,000	500,000
<b>#53-Real Property Appraisers Board</b>						
79	Reclassification of NRPAB Position	Cash	2,614	3,010	3,010	3,010
<b>#54-Historical Society</b>						
648	Retirees Leave Payouts	Gen	158,508	0	0	0
648	Retirees Leave Payouts	Cash	16,282	0	0	0
<b>#65-Administrative Services</b>						
173	Revolving fund impact, Child Welfare ESA shift to oper	Rev	539,017	668,100	668,100	668,100
180	Revolving fund impact, Child Welfare ESA shift to oper	Rev	237,500	570,000	570,000	570,000
560	Revolving fund impact, Child Welfare ESA shift to oper	Rev	208,333	500,000	500,000	500,000
594	Appropriation - Risk Management - State Insurance	Gen	1,476	0	0	0
605	Increase PSL and Appropriation-Personnel Program	Rev	1,076,500	1,076,500	1,076,500	1,076,500
606	Dependent Community College Scholarships	Cash	500,000	1,000,000	1,000,000	1,000,000
<b>#69-Arts Council</b>						
329	One-Time Retirement Pay-Out	Gen	0	41,946	0	0

		Current Biennium		Est for Following Biennium		
		Fund	FY201-22	FY2022-23	FY2023-24	FY2024-25
<b>#72-Dept of Economic Development</b>						
601	Lead based paint hazard control (LB 722)	Cash	0	250,000	0	0
601	Nebraska Rural Projects Act (LB 788)	Cash	0	50,000,000	0	0
601	Rural Workforce Housing fund (LB 1071) aid	Cash	0	29,785,330	0	0
601	Rural Workforce Housing fund (LB 1071) oper	Cash	0	214,670	0	0
601	Middle Income Housing fund (LB 1252) aid	Cash	0	19,788,150	0	0
601	Middle Income Housing fund (LB 1252) oper	Cash	0	211,850	0	0
603	US Strategic Command facility (LB 1232)	Cash	0	20,000,000	0	0
603	Intern Nebraska Cash Fund (LB 1167)	Cash	0	20,000,000	0	0
<b>#75-Investment Council</b>						
610	Increased legal fees	Cash	0	100,000	0	0
<b>#76-Commission on Indian Affairs</b>						
584	In-grade pay increase, Admin Program Officer	Gen	0	11,745	11,745	11,745
<b>#85-Public Employees Retirement Board</b>						
515	Statutory Contribution - School 2%	Gen	0	738,533	738,533	738,533
515	Statutory Contribution - OPS service annuity	Gen	0	503,111	503,111	503,111
515	Actuarially required contribution - Judges plan	Gen	0	(1,299,463)	(1,299,463)	(1,299,463)
515	Actuarially required contribution - State Patrol plan	Gen	0	(947,020)	(947,020)	(947,020)
<b>Capital Construction Projects</b>						
900	DHHS - YRTC Kearney project (LB 792)	NCCF	0	15,580,000	0	0
938	Vets Affairs - State Veterans Cemetery Construction	Cash	750,000	0	0	0
938	Vets Affairs - State Veterans Cemetery Construction	Fed	6,750,000	0	0	0
990	Military - Bellevue Readiness Center Construction, state match	NCCF	0	7,600,000	0	0
913	Military - Phase 2 HVAC & Interior Remodel	Fed	0	201,800	0	0
913	Military - Phase 2 HVAC & Interior Remodel	NCCF	0	201,800	0	0
992	Military - Readiness Centers' Backup Generator Construction	Fed	0	457,500	0	0
992	Military - Readiness Centers' Backup Generator Construction	NCCF	0	457,500	0	0
927	Military - State-Federal Cost Share Projects	Fed	0	1,418,850	0	0
927	Military - State-Federal Cost Share Projects	NCCF	0	534,950	0	0
967	Game & Parks - New Cabins at Mahoney State Park	Cash	1,750,000	0	0	0
965	Game & Parks - Water Rec Enhancement Fund (STARWARS) (LB 1023)	Cash	0	100,000,000	0	0

	Fund	Current Biennium		Est for Following Biennium	
		FY201-22	FY2022-23	FY2023-24	FY2024-25
905 Corrections - Nebraska State Penitentiary Replacement	Cash	0	0	0	0
905 Corrections - Nebraska State Penitentiary Replacement	Rev	0	0	0	0
900 Corrections - Security System Upgrades (fund shift)	Gen	0	(1,250,000)	0	0
900 Corrections - Security System Upgrades (fund shift NCCF)	NCCF	0	1,250,000	0	0
900 Corrections - Capital Infrastructure and Maintenance (fund shift)	Gen	0	(2,000,000)	0	0
900 Corrections - Capital Infrastructure and Maintenance (fund shift NCCF)	NCCF	0	2,000,000	0	0
928 Corrections - Mental Health Beds (NCCF)	NCCF	0	4,000,000	0	0
900 University - agricultural innovation facility, Innovation Campus (LB703)	NCCF	0	25,000,000	0	0
991 NETC - KUON-TV Transmitter replacement	NCCF	0	800,000	0	0
904 State Patrol - Crime Lab Expansion	NCCF	0	16,879,209	0	0
900 DAS - Capitol HVAC Project, shortfall in funding	Gen	0	0	16,000,000	9,880,243
922 DAS - Capitol HVAC Project, fund shift	Gen	0	(11,000,000)	0	0
922 DAS - Capitol HVAC Project, fund shift (NCCF)	NCCF	0	11,000,000	0	0

### **All Agencies**

-- Salary costs, revised NAPE, FOP agreement	Gen	491,138	62,473,686	62,473,686	62,473,686
-- Salary costs, revised NAPE, FOP agreement	Cash	1,304,784	4,693,203	4,693,203	4,693,203
-- Salary costs, revised NAPE, FOP agreement	Fed	4,018,746	7,341,333	7,341,333	7,341,333
-- Salary costs, revised NAPE, FOP agreement	Rev	1,683,609	3,195,850	3,195,850	3,195,850

General Funds	Gen	(8,721,304)	115,052,025	154,865,596	154,297,990
Cash Funds	Cash	(15,743,688)	489,897,135	2,746,761	2,746,761
Federal Funds	Fed	353,708,141	454,480,789	455,106,882	455,106,882
Revolving Funds	Rev	3,802,150	6,124,881	6,124,881	6,124,881
Nebraska Capital Construction Fund	NCCF	0	85,303,459	0	0
Total		333,045,299	1,150,858,289	618,844,120	618,276,514

### **REAPPROPRIATE FY21 BALANCES**

DHHS - Prog 348 Medicaid	Gen	55,277,781	0	0	0
DHHS - Prog 524 Child Welfare	Gen	19,986,519	0	0	0
Total Lapsed Reappropriations	Gen	75,264,300	0	0	0



## **Appendix B**

### **General Fund Appropriations by Agency**

			FY2020-21	FY2021-22			FY2022-23			Change over Prior Year (excludes deficits)			
			Without deficits	Enacted 2021 Session	2022 Deficits	Revised Per 2022 Session	Enacted 2021 Session	2022 Changes	Revised Per 2022 Session	FY22 \$ Change	FY22 % Change	FY23\$ Change	FY23 % Change
#03	Legislative Council	Oper	21,749,920	24,392,007	0	24,392,007	23,726,018	228,280	23,954,298	2,642,087	12.1%	(437,709)	-1.8%
#03	Legislative Council	Total	21,749,920	24,392,007	0	24,392,007	23,726,018	228,280	23,954,298	2,642,087	12.1%	(437,709)	-1.8%
#05	Supreme Court	Aid	500,000	0	0	0	0	270,000	270,000	(500,000)	-100.0%	270,000	na
#05	Supreme Court	Oper	200,285,673	195,926,634	0	195,926,634	201,236,223	2,794,957	204,031,180	(4,359,039)	-2.2%	8,104,546	4.1%
#05	Supreme Court	Total	200,785,673	195,926,634	0	195,926,634	201,236,223	3,064,957	204,301,180	(4,859,039)	-2.4%	8,374,546	4.3%
#07	Governor	Oper	2,102,805	2,143,709	0	2,143,709	2,284,666	26,310	2,310,976	40,904	1.9%	167,267	7.8%
#07	Governor	Total	2,102,805	2,143,709	0	2,143,709	2,284,666	26,310	2,310,976	40,904	1.9%	167,267	7.8%
#08	Lt. Governor	Oper	152,437	153,885	0	153,885	155,386	1,036	156,422	1,448	0.9%	2,537	1.6%
#08	Lt. Governor	Total	152,437	153,885	0	153,885	155,386	1,036	156,422	1,448	0.9%	2,537	1.6%
#09	Secretary of State	Oper	2,316,283	2,102,092	0	2,102,092	2,114,064	12,851	2,126,915	(214,191)	-9.2%	24,823	1.2%
#09	Secretary of State	Total	2,316,283	2,102,092	0	2,102,092	2,114,064	12,851	2,126,915	(214,191)	-9.2%	24,823	1.2%
#10	State Auditor	Oper	2,641,806	3,002,686	0	3,002,686	3,089,202	42,938	3,132,140	360,880	13.7%	129,454	4.3%
#10	State Auditor	Total	2,641,806	3,002,686	0	3,002,686	3,089,202	42,938	3,132,140	360,880	13.7%	129,454	4.3%
#11	Attorney General	Oper	6,606,854	7,028,044	0	7,028,044	7,152,081	88,072	7,240,153	421,190	6.4%	212,109	3.0%
#11	Attorney General	Total	6,606,854	7,028,044	0	7,028,044	7,152,081	88,072	7,240,153	421,190	6.4%	212,109	3.0%
#12	State Treasurer	Aid	0	2,000,000	0	2,000,000	2,000,000	0	2,000,000	2,000,000	na	0	0.0%
#12	State Treasurer	Oper	1,171,439	1,191,803	0	1,191,803	1,219,495	7,060	1,226,555	20,364	1.7%	34,752	2.9%
#12	State Treasurer	Total	1,171,439	3,191,803	0	3,191,803	3,219,495	7,060	3,226,555	2,020,364	172.5%	34,752	1.1%
#13	Education	Aid	1,283,030,307	1,280,001,022	(137,471)	1,279,863,551	1,306,559,111	(453,725)	1,306,105,386	(3,029,285)	-0.2%	26,104,364	2.0%
#13	Education	Oper	26,389,318	28,755,175	1,649,668	30,404,843	28,959,778	1,067,024	30,026,802	2,365,857	9.0%	1,271,627	4.4%
#13	Education	Total	1,309,419,625	1,308,756,197	1,512,197	1,310,268,394	1,335,518,889	613,299	1,336,132,188	(663,428)	-0.1%	27,375,991	2.1%
#14	Public Service Comm	Aid	0	19,782,208	0	19,782,208	19,795,788	0	19,795,788	19,782,208	na	13,580	0.1%
#14	Public Service Comm	Oper	2,269,242	2,323,576	186,092	2,509,668	2,347,479	203,250	2,550,729	54,334	2.4%	227,153	9.8%
#15	Public Service Comm	Total	2,269,242	22,105,784	186,092	22,291,876	22,143,267	203,250	22,346,517	19,836,542	874.1%	240,733	1.1%
#15	Parole Board	Oper	8,124,998	8,275,381	14,093	8,289,474	8,384,972	17,930	8,402,902	150,383	1.9%	127,521	1.5%
#16	Parole Board	Total	8,124,998	8,275,381	14,093	8,289,474	8,384,972	17,930	8,402,902	150,383	1.9%	127,521	1.5%
#16	Revenue	Aid	101,100,000	104,300,000	7,900,000	112,200,000	109,600,000	11,700,000	121,300,000	3,200,000	3.2%	17,000,000	16.3%

			FY2020-21	FY2021-22			FY2022-23			Change over Prior Year (excludes deficits)			
			Without deficits	Enacted	2022	Revised	Enacted	2022	Revised	FY22 \$ Change	FY22 % Change	FY23\$ Change	FY23 % Change
				2021 Session	Deficits	Per 2022 Session	2021 Session	Changes	Per 2022 Session				
#18	Agriculture	Aid	706,000	1,006,000	0	1,006,000	1,006,000	0	1,006,000	300,000	42.5%	0	0.0%
#18	Agriculture	Oper	5,799,169	5,968,902	0	5,968,902	6,087,864	58,724	6,146,588	169,733	2.9%	177,686	3.0%
#18	Agriculture	Total	6,505,169	6,974,902	0	6,974,902	7,093,864	58,724	7,152,588	469,733	7.2%	177,686	2.5%
#21	Fire Marshal	Oper	4,345,277	4,398,528	0	4,398,528	4,518,975	38,999	4,557,974	53,251	1.2%	159,446	3.6%
#21	Fire Marshal	Total	4,345,277	4,398,528	0	4,398,528	4,518,975	38,999	4,557,974	53,251	1.2%	159,446	3.6%
#23	Labor	Oper	657,218	669,565	0	669,565	677,533	3,137	680,670	12,347	1.9%	11,105	1.7%
#23	Labor	Total	657,218	669,565	0	669,565	677,533	3,137	680,670	12,347	1.9%	11,105	1.7%
#25	DHHS	Aid	1,459,973,197	1,456,697,500	(7,000,000)	1,449,697,500	1,530,550,917	38,410,293	1,568,961,210	(3,275,697)	-0.2%	112,263,710	7.7%
#25	DHHS	Oper	251,533,219	252,746,312	7,029,285	259,775,597	255,796,626	34,341,139	290,137,765	1,213,093	0.5%	37,391,453	14.8%
#25	DHHS	Total	1,711,506,416	1,709,443,812	29,285	1,709,473,097	1,786,347,543	72,751,432	1,859,098,975	(2,062,604)	-0.1%	149,655,163	8.8%
#28	Veterans Affairs *	Oper	27,182,314	31,905,888	0	31,905,888	35,251,607	4,606,518	39,858,125	4,723,574	17.4%	7,952,237	24.9%
#28	Veterans Affairs	Total	27,182,314	31,905,888	0	31,905,888	35,251,607	4,606,518	39,858,125	4,723,574	17.4%	7,952,237	24.9%
#29	Natural Resources	Aid	1,806,112	1,806,112	0	1,806,112	1,806,112	0	1,806,112	0	0.0%	0	0.0%
#29	Natural Resources	Oper	10,577,369	11,020,779	0	11,020,779	10,972,796	88,473	11,061,269	443,410	4.2%	40,490	0.4%
#29	Natural Resources	Total	12,383,481	12,826,891	0	12,826,891	12,778,908	88,473	12,867,381	443,410	3.6%	40,490	0.3%
#31	Military Dept	Aid	60,959,583	5,852,793	0	5,852,793	5,852,793	0	5,852,793	(55,106,790)	-90.4%	0	0.0%
#31	Military Dept	Oper	4,549,812	4,559,110	22,794	4,581,904	4,598,988	51,098	4,650,086	9,298	0.2%	90,976	2.0%
#31	Military Dept	Total	65,509,395	10,411,903	22,794	10,434,697	10,451,781	51,098	10,502,879	(55,097,492)	-84.1%	90,976	0.9%
#32	Ed Lands & Funds	Oper	376,041	423,928	0	423,928	432,506	4,461	436,967	47,887	12.7%	13,039	3.1%
#32	Ed Lands & Funds	Total	376,041	423,928	0	423,928	432,506	4,461	436,967	47,887	12.7%	13,039	3.1%
#33	Game & Parks	Aid	42,011	50,000	0	50,000	50,000	0	50,000	7,989	19.0%	0	0.0%
#33	Game & Parks	Oper	11,864,115	12,013,364	0	12,013,364	12,144,134	144,894	12,289,028	149,249	1.3%	275,664	2.3%
#33	Game & Parks	Total	11,906,126	12,063,364	0	12,063,364	12,194,134	144,894	12,339,028	157,238	1.3%	275,664	2.3%
#34	Library Commission	Aid	1,281,837	1,326,004	0	1,326,004	1,367,061	0	1,367,061	44,167	3.4%	41,057	3.1%
#34	Library Commission	Oper	2,668,610	2,738,491	93,079	2,831,570	2,760,852	145,731	2,906,583	69,881	2.6%	168,092	6.1%
#34	Library Commission	Total	3,950,447	4,064,495	93,079	4,157,574	4,127,913	145,731	4,273,644	114,048	2.9%	209,149	5.1%
#35	Liquor Control	Oper	1,398,509	2,134,727	0	2,134,727	1,837,835	9,963	1,847,798	736,218	52.6%	(286,929)	-13.4%
#35	Liquor Control	Total	1,398,509	2,134,727	0	2,134,727	1,837,835	9,963	1,847,798	736,218	52.6%	(286,929)	-13.4%
#36	Racing Commission	Oper	0	0	0	0	0	177	177	0	na	177	na
#36	Racing Commission	Total	0	0	0	0	0	177	177	0	na	177	na

			FY2020-21	FY2021-22			FY2022-23			Change over Prior Year (excludes deficits)			
			Without deficits	Enacted 2021 Session	2022 Deficits	Revised Per 2022 Session	Enacted 2021 Session	2022 Changes	Revised Per 2022 Session	FY22 \$ Change	FY22 % Change	FY23\$ Change	FY23 % Change
#46	Correctional Services	Aid	4,000,000	4,000,000	0	4,000,000	4,000,000	0	4,000,000	0	0.0%	0	0.0%
#46	Correctional Services	Oper	236,451,459	245,026,442	(18,926,817)	226,099,625	256,062,253	33,847,305	289,909,558	8,574,983	3.6%	44,883,116	18.3%
#46	Correctional Services	Total	240,451,459	249,026,442	(18,926,817)	230,099,625	260,062,253	33,847,305	293,909,558	8,574,983	3.6%	44,883,116	18.0%
#47	NETC	Oper	10,338,327	10,557,035	0	10,557,035	10,749,685	26,169	10,775,854	218,708	2.1%	218,819	2.1%
#47	NETC	Total	10,338,327	10,557,035	0	10,557,035	10,749,685	26,169	10,775,854	218,708	2.1%	218,819	2.1%
#48	Coordinating Comm	Aid	8,693,430	8,843,430	0	8,843,430	9,093,430	0	9,093,430	150,000	1.7%	250,000	2.8%
#48	Coordinating Comm	Oper	1,357,959	1,380,876	0	1,380,876	1,406,407	16,994	1,423,401	22,917	1.7%	42,525	3.1%
#48	Coordinating Comm	Total	10,051,389	10,224,306	0	10,224,306	10,499,837	16,994	10,516,831	172,917	1.7%	292,525	2.9%
#50	State Colleges	Aid	1,000,000	2,000,000	0	2,000,000	3,000,000	0	3,000,000	1,000,000	100.0%	1,000,000	50.0%
#50	State Colleges	Oper	55,527,357	57,439,068	0	57,439,068	59,242,843	1,046,944	60,289,787	1,911,711	3.4%	2,850,719	5.0%
#50	State Colleges	Total	56,527,357	59,439,068	0	59,439,068	62,242,843	1,046,944	63,289,787	2,911,711	5.2%	3,850,719	6.5%
#51	University of Nebraska	Aid	2,000,000	4,000,000	0	4,000,000	6,000,000	0	6,000,000	2,000,000	100.0%	2,000,000	50.0%
#51	University of Nebraska	Oper	614,435,633	628,042,647	0	628,042,647	640,742,701	0	640,742,701	13,607,014	2.2%	12,700,054	2.0%
#51	University of Nebraska	Total	616,435,633	632,042,647	0	632,042,647	646,742,701	0	646,742,701	15,607,014	2.5%	14,700,054	2.3%
#54	Historical Society	Oper	4,628,669	5,918,936	193,418	6,112,354	5,255,877	83,073	5,338,950	1,290,267	27.9%	(579,986)	-9.8%
#54	Historical Society	Total	4,628,669	5,918,936	193,418	6,112,354	5,255,877	83,073	5,338,950	1,290,267	27.9%	(579,986)	-9.8%
#57	Oil & Gas Comm.	Oper	0	200,000	0	200,000	175,000	0	175,000	200,000	na	(25,000)	-12.5%
#57	Oil & Gas Comm.	Total	0	200,000	0	200,000	175,000	0	175,000	200,000	na	(25,000)	-12.5%
#64	State Patrol	Oper	64,448,023	67,522,904	33,113	67,556,017	69,750,430	532,240	70,282,670	3,074,881	4.8%	2,759,766	4.1%
#64	State Patrol	Total	64,448,023	67,522,904	33,113	67,556,017	69,750,430	532,240	70,282,670	3,074,881	4.8%	2,759,766	4.1%
#65	Admin Services (DAS)	Oper	10,064,974	9,004,450	86,683	9,091,133	9,104,328	167,371	9,271,699	(1,060,524)	-10.5%	267,249	3.0%
#65	Admin Services (DAS)	Total	10,064,974	9,004,450	86,683	9,091,133	9,104,328	167,371	9,271,699	(1,060,524)	-10.5%	267,249	3.0%
#67	Equal Opportunity	Oper	1,287,346	1,317,833	0	1,317,833	1,339,731	18,439	1,358,170	30,487	2.4%	40,337	3.1%
#67	Equal Opportunity	Total	1,287,346	1,317,833	0	1,317,833	1,339,731	18,439	1,358,170	30,487	2.4%	40,337	3.1%
#68	Latino American Comm.	Oper	262,746	268,285	0	268,285	272,560	1,026	273,586	5,539	2.1%	5,301	2.0%
#68	Latino American Comm.	Total	262,746	268,285	0	268,285	272,560	1,026	273,586	5,539	2.1%	5,301	2.0%
#69	Arts Council	Aid	905,346	1,905,346	0	1,905,346	9,405,346	0	9,405,346	1,000,000	110.5%	7,500,000	393.6%
#69	Arts Council	Oper	625,007	637,900	0	637,900	647,851	48,855	696,706	12,893	2.1%	58,806	9.2%
#69	Arts Council	Total	1,530,353	2,543,246	0	2,543,246	10,053,197	48,855	10,102,052	1,012,893	66.2%	7,558,806	297.2%
#70	Foster Care Review	Aid	0	500,000	0	500,000	500,000	0	500,000	500,000	na	0	0.0%
#70	Foster Care Review	Oper	1,981,200	2,023,269	134,759	2,158,028	2,052,496	213,655	2,266,151	42,069	2.1%	242,882	12.0%
#70	Foster Care Review	Total	1,981,200	2,523,269	134,759	2,658,028	2,552,496	213,655	2,766,151	542,069	27.4%	242,882	9.6%
#72	Economic Development	Aid	7,720,352	22,735,982	0	22,735,982	25,916,812	0	25,916,812	15,015,630	194.5%	3,180,830	14.0%
#72	Economic Development	Oper	6,082,223	7,705,602	0	7,705,602	7,480,820	54,398	7,535,218	1,623,379	26.7%	(170,384)	-2.2%
#72	Economic Development	Total	13,802,575	30,441,584	0	30,441,584	33,397,632	54,398	33,452,030	16,639,009	120.6%	3,010,446	9.9%

			FY2020-21	FY2021-22			FY2022-23			Change over Prior Year (excludes deficits)			
			Without deficits	Enacted 2021 Session	2022 Deficits	Revised Per 2022 Session	Enacted 2021 Session	2022 Changes	Revised Per 2022 Session	FY22 \$ Change	FY22 % Change	FY23\$ Change	FY23 % Change
#76	Indian Affairs Comm	Oper	241,161	246,647	0	246,647	251,013	13,186	264,199	5,486	2.3%	17,552	7.1%
#76	Indian Affairs Comm	Total	241,161	246,647	0	246,647	251,013	13,186	264,199	5,486	2.3%	17,552	7.1%
#77	Industrial Relations	Oper	309,318	307,421	0	307,421	311,233	2,598	313,831	(1,897)	-0.6%	6,410	2.1%
#77	Industrial Relations	Total	309,318	307,421	0	307,421	311,233	2,598	313,831	(1,897)	-0.6%	6,410	2.1%
#78	Crime Commission	Aid	7,766,036	7,516,036	0	7,516,036	7,516,036	0	7,516,036	(250,000)	-3.2%	0	0.0%
#78	Crime Commission	Oper	5,103,302	5,704,954	0	5,704,954	5,806,638	21,552	5,828,190	601,652	11.8%	123,236	2.2%
#78	Crime Commission	Total	12,869,338	13,220,990	0	13,220,990	13,322,674	21,552	13,344,226	351,652	2.7%	123,236	0.9%
#81	Blind & Visually Impred	Aid	311,790	311,790	0	311,790	311,790	0	311,790	0	0.0%	0	0.0%
#81	Blind & Visually Impred	Oper	1,634,396	1,707,350	0	1,707,350	1,758,197	3,479	1,761,676	72,954	4.5%	54,326	3.2%
#81	Blind & Visually Impred	Total	1,946,186	2,019,140	0	2,019,140	2,069,987	3,479	2,073,466	72,954	3.7%	54,326	2.7%
#82	Deaf & Hard of Hearing	Oper	1,051,593	1,076,059	0	1,076,059	1,091,212	9,139	1,100,351	24,466	2.3%	24,292	2.3%
#82	Deaf & Hard of Hearing	Total	1,051,593	1,076,059	0	1,076,059	1,091,212	9,139	1,100,351	24,466	2.3%	24,292	2.3%
#83	Community Colleges	Aid	103,558,339	106,645,089	0	106,645,089	109,804,330	0	109,804,330	3,086,750	3.0%	3,159,241	3.0%
#83	Community Colleges	Total	103,558,339	106,645,089	0	106,645,089	109,804,330	0	109,804,330	3,086,750	3.0%	3,159,241	3.0%
#84	Environment & Energy	Aid	0	100,000	0	100,000	100,000	0	100,000	100,000	na	0	0.0%
#84	Environment & Energy	Oper	3,716,744	4,826,993	0	4,826,993	4,862,565	35,337	4,897,902	1,110,249	29.9%	70,909	1.5%
#84	Environment & Energy	Total	3,716,744	4,926,993	0	4,926,993	4,962,565	35,337	4,997,902	1,210,249	32.6%	70,909	1.4%
#85	Retirement Board	Oper	54,839,932	57,053,947	0	57,053,947	58,831,000	(1,004,839)	57,826,161	2,214,015	4.0%	772,214	1.4%
#85	Retirement Board	Total	54,839,932	57,053,947	0	57,053,947	58,831,000	(1,004,839)	57,826,161	2,214,015	4.0%	772,214	1.4%
#87	Account/Disclosure	Oper	618,170	599,805	0	599,805	610,912	7,945	618,857	(18,365)	-3.0%	19,052	3.2%
#87	Account/Disclosure	Total	618,170	599,805	0	599,805	610,912	7,945	618,857	(18,365)	-3.0%	19,052	3.2%
#90	African American Affairs	Oper	127,500	258,762	0	258,762	262,599	0	262,599	131,262	103.0%	3,837	1.5%
#90	African American Affairs	Total	127,500	258,762	0	258,762	262,599	0	262,599	131,262	103.0%	3,837	1.5%
#93	Tax Equal/Review	Oper	899,242	917,072	0	917,072	935,331	10,220	945,551	17,830	2.0%	28,479	3.1%
#93	Tax Equal/Review	Total	899,242	917,072	0	917,072	935,331	10,220	945,551	17,830	2.0%	28,479	3.1%
	Construction-Total	Total	38,625,661	41,526,176	0	41,526,176	38,171,610	(14,250,000)	23,921,610	2,900,515	7.5%	(17,604,566)	-42.4%
OPERATIONS			1,699,786,897	1,742,467,584	(9,483,833)	1,732,983,751	1,783,799,087	79,375,457	1,863,174,544	42,680,687	2.5%	120,706,960	6.9%
STATE AID			3,045,354,340	3,031,379,312	762,529	3,032,141,841	3,154,235,526	49,926,568	3,204,162,094	(13,975,028)	-0.5%	172,782,782	5.7%
CONSTRUCTION			38,625,661	41,526,176	0	41,526,176	38,171,610	(14,250,000)	23,921,610	2,900,515	7.5%	(17,604,566)	-42.4%
TOTAL GENERAL FUNDS			4,783,766,898	4,815,373,072	(8,721,304)	4,806,651,768	4,976,206,223	115,052,025	5,091,258,248	31,606,174	0.7%	275,885,176	5.7%

## Appendix C

### General Fund Appropriations by State Aid Program

		FY2020-21	FY2021-22			FY2022-23			Change over Prior Year (exclude deficits)			
		w/o Deficits	Per 2021 Session	2022 Deficits	Revised 2022 Session	Per 2021 Session	2022 Change	Revised 2022 Session	FY22 \$ Change	FY22 % Chng	FY23 \$ Change	FY23 % Chng
Courts	Court Appointed Special Advocate	500,000	0	0	0	0	0	0	(500,000)	-100.0%	0	na
Treasurer	Aid to Counties	0	2,000,000	0	2,000,000	2,000,000	0	2,000,000	2,000,000	na	0	0.0%
Education	TEEOSA State Aid to Education	1,022,555,859	1,014,915,776	(137,471)	1,014,778,305	1,039,139,959	(453,725)	1,038,686,234	(7,777,554)	-0.8%	23,907,929	2.4%
Education	Special Education	231,079,770	233,390,568	0	233,390,568	235,724,474	0	235,724,474	2,310,798	1.0%	2,333,906	1.0%
Education	Aid to ESU's	13,613,976	13,613,976	0	13,613,976	13,613,976	0	13,613,976	0	0.0%	0	0.0%
Education	High ability learner programs	2,342,962	2,342,962	0	2,342,962	2,342,962	0	2,342,962	0	0.0%	0	0.0%
Education	Early Childhood grant program	3,619,357	3,619,357	0	3,619,357	3,619,357	0	3,619,357	0	0.0%	0	0.0%
Education	Early Childhood Endowment	5,000,000	7,500,000	0	7,500,000	7,500,000	0	7,500,000	2,500,000	50.0%	0	0.0%
Education	Nurturing Healthy Behaviors	400,000	400,000	0	400,000	400,000	0	400,000	0	0.0%	0	0.0%
Education	School Lunch	392,032	392,032	0	392,032	392,032	0	392,032	0	0.0%	0	0.0%
Education	Textbook loan program	465,500	1,465,500	0	1,465,500	1,465,500	0	1,465,500	1,000,000	214.8%	0	0.0%
Education	School Breakfast reimbursement	617,898	617,898	0	617,898	617,898	0	617,898	0	0.0%	0	0.0%
Education	Adult Education	214,664	214,664	0	214,664	214,664	0	214,664	0	0.0%	0	0.0%
Education	Learning Communities Aid	470,000	470,000	0	470,000	470,000	0	470,000	0	0.0%	0	0.0%
Education	Summer Food Service grants	90,000	90,000	0	90,000	90,000	0	90,000	0	0.0%	0	0.0%
Education	High School Equivalency Assistance	750,000	750,000	0	750,000	750,000	0	750,000	0	0.0%	0	0.0%
Education	Step Up Quality Child Care - Scholarships	100,000	100,000	0	100,000	100,000	0	100,000	0	0.0%	0	0.0%
Education	Step Up to Quality Child Care - Bonuses	69,000	69,000	0	69,000	69,000	0	69,000	0	0.0%	0	0.0%
Education	Vocational Rehabilitation	1,249,289	49,289	0	49,289	49,289	0	49,289	(1,200,000)	-96.1%	0	0.0%
Public Service	Nebr Broadband Bridge Act	0	19,782,208	0	19,782,208	19,795,788	0	19,795,788	19,782,208	na	13,580	0.1%
Revenue	Homestead Exemption	101,100,000	104,300,000	7,900,000	112,200,000	109,600,000	11,700,000	121,300,000	11,100,000	11.0%	9,100,000	8.1%
Agriculture	Riparian Vegetation grants	706,000	706,000	0	706,000	706,000	0	706,000	0	0.0%	0	0.0%
Agriculture	Nebraska AgrAbility program	0	300,000	0	300,000	300,000	0	300,000	300,000	na	0	0.0%
DHHS	Behavioral Health Aid	72,206,614	77,956,716	0	77,956,716	80,505,211	(6,194,049)	74,311,162	5,750,102	8.0%	(3,645,554)	-4.7%
DHHS	Medical student assistance/RHOP	680,723	2,180,723	0	2,180,723	2,180,723	0	2,180,723	1,500,000	220.4%	0	0.0%
DHHS	Children's Health Insurance (SCHIP)	23,778,754	23,275,936	0	23,275,936	26,433,262	0	26,433,262	(502,818)	-2.1%	3,157,326	13.6%
DHHS	Public Assistance	86,756,257	87,950,162	0	87,950,162	89,156,005	0	89,156,005	1,193,905	1.4%	1,205,843	1.4%
DHHS	Medicaid	921,250,222	899,933,133	0	899,933,133	951,835,510	39,491,698	991,327,208	(21,317,089)	-2.3%	91,394,075	10.2%
DHHS	Child Welfare aid	172,174,830	178,071,265	(7,000,000)	171,071,265	181,510,159	(1,790,855)	179,719,304	(1,103,565)	-0.6%	8,648,039	5.1%
DHHS	Youth in Transition aid	0	1,281,202	0	1,281,202	1,281,202	0	1,281,202	1,281,202	na	0	0.0%
DHHS	Developmental disabilities aid	157,255,751	157,634,528	0	157,634,528	167,735,010	6,903,499	174,638,509	378,777	0.2%	17,003,981	10.8%

		FY2020-21 w/o Deficits	FY2021-22			FY2022-23			Change over Prior Year (exclude deficits)			
			Per 2021 Session	2022 Deficits	Revised 2022 Session	Per 2021 Session	2022 Change	Revised 2022 Session	FY22 \$ Change	FY22 % Chng	FY23 \$ Change	FY23 % Chng
DHHS	Community health centers	7,783,060	9,814,060	0	9,814,060	11,314,060	0	11,314,060	2,031,000	26.1%	1,500,000	15.3%
DHHS	Health Aid	6,364,407	6,877,196	0	6,877,196	6,877,196	0	6,877,196	512,789	8.1%	0	0.0%
DHHS	Care Management	2,315,560	2,315,560	0	2,315,560	2,315,560	0	2,315,560	0	0.0%	0	0.0%
DHHS	Area agencies on aging	9,407,019	9,407,019	0	9,407,019	9,407,019	0	9,407,019	0	0.0%	0	0.0%
Nat Resources	Nebr Water Conservation Fund	1,806,112	1,806,112	0	1,806,112	1,806,112	0	1,806,112	0	0.0%	0	0.0%
Military Dept	Governors Emergency Program	60,240,974	5,000,000	0	5,000,000	5,000,000	0	5,000,000	(55,240,974)	-91.7%	0	0.0%
Military Dept	Guard tuition assistance	718,609	852,793	0	852,793	852,793	0	852,793	134,184	18.7%	0	0.0%
Game & Parks	Niobrara Council	42,011	50,000	0	50,000	50,000	0	50,000	7,989	19.0%	0	0.0%
Library Comm	Local libraries	1,281,837	1,326,004	0	1,326,004	1,367,061	0	1,367,061	44,167	3.4%	41,057	3.1%
Corrections	Vocational and Life Skills Program	4,000,000	4,000,000	0	4,000,000	4,000,000	0	4,000,000	0	0.0%	0	0.0%
Coord. Comm	Nebr Opportunity Grant Program	7,593,430	7,593,430	0	7,593,430	7,593,430	0	7,593,430	0	0.0%	0	0.0%
Coord. Comm	Access College Early Scholarship	1,100,000	1,250,000	0	1,250,000	1,500,000	0	1,500,000	150,000	13.6%	250,000	20.0%
St Colleges	Nebraska Career Scholarships	1,000,000	2,000,000	0	2,000,000	3,000,000	0	3,000,000	1,000,000	100.0%	1,000,000	50.0%
University	Nebraska Career Scholarships	2,000,000	4,000,000	0	4,000,000	6,000,000	0	6,000,000	2,000,000	100.0%	2,000,000	50.0%
Arts Council	Museum of Nebraska Arts assistance	0	0	0	0	7,500,000	0	7,500,000	0	na	7,500,000	na
Arts Council	Aid to arts programs	905,346	1,905,346	0	1,905,346	1,905,346	0	1,905,346	1,000,000	110.5%	0	0.0%
Foster Care	Court Appointed Special Advocate	0	500,000	0	500,000	500,000	0	500,000	500,000	na	0	0.0%
Econ Develop	State aid to development districts	700,000	1,000,000	0	1,000,000	1,000,000	0	1,000,000	300,000	42.9%	0	0.0%
Econ Develop	Nebraska Rural Projects Act	0	4,715,630	0	4,715,630	4,896,460	0	4,896,460	4,715,630	na	180,830	3.8%
Econ Develop	Business Innovation Act	6,020,352	14,020,352	0	14,020,352	15,020,352	0	15,020,352	8,000,000	132.9%	1,000,000	7.1%
Econ Develop	Nebraska Career Scholarships	1,000,000	3,000,000	0	3,000,000	5,000,000	0	5,000,000	2,000,000	200.0%	2,000,000	66.7%
Crime Comm	Juvenile services grants	564,300	564,300	0	564,300	564,300	0	564,300	0	0.0%	0	0.0%
Crime Comm	Community Based Juvenile Services aid	6,048,000	5,798,000	0	5,798,000	5,798,000	0	5,798,000	(250,000)	-4.1%	0	0.0%
Crime Comm	Crimestoppers program	12,919	12,919	0	12,919	12,919	0	12,919	0	0.0%	0	0.0%
Crime Comm	County Justice Reinvestment Grants	480,000	480,000	0	480,000	480,000	0	480,000	0	0.0%	0	0.0%
Crime Comm	Victim Witness assistance	50,457	50,457	0	50,457	50,457	0	50,457	0	0.0%	0	0.0%
Crime Comm	Crime Victims reparations	19,200	19,200	0	19,200	19,200	0	19,200	0	0.0%	0	0.0%
Crime Comm	Violence Prevention Grants	591,160	591,160	0	591,160	591,160	0	591,160	0	0.0%	0	0.0%
Blind & Vis Imp	Blind rehabilitation	311,790	311,790	0	311,790	311,790	0	311,790	0	0.0%	0	0.0%
Comm Colleges	Aid to Community Colleges	103,558,339	106,645,089	0	106,645,089	109,804,330	0	109,804,330	3,086,750	3.0%	3,159,241	3.0%
Environ/Energy	Energy assistance	0	100,000	0	100,000	100,000	0	100,000	100,000	na	0	0.0%

	FY2020-21 w/o Deficits	FY2021-22			FY2022-23			Change over Prior Year (exclude deficits)			
		Per 2021 Session	2022 Deficits	Revised 2022 Session	Per 2021 Session	2022 Change	Revised 2022 Session	FY22 \$ Change	FY22 % Chng	FY23 \$ Change	FY23 % Chng
Individuals/Other	1,490,875,709	1,525,934,190	(7,000,000)	1,518,934,190	1,613,773,074	38,680,293	1,652,453,367	28,058,481	1.9%	133,519,17	8.8%
Local Government	1,554,478,631	1,505,445,122	7,762,529	1,513,207,651	1,540,462,452	11,246,275	1,551,708,727	(41,270,980)	-2.7%	38,501,076	2.5%
Total General Fund State Aid	3,045,354,340	3,031,379,312	762,529	3,032,141,841	3,154,235,526	49,926,568	3,204,162,094	(13,212,499)	-0.4%	172,020,253	5.7%

## Appendix D

### General Fund Spending Assumptions - Following Biennium

For the “following biennium” (FY2023-24 and FY2024-25), the budget numbers reflect the annualized impact of the 2021 budget actions plus an estimate of future year increases in entitlement programs, salary and health insurance increases, and other funding requirements that are normally not optional. It is an estimate based on “current law”, i.e. an estimate of future obligations with no change to the underlying law.

*Amounts shown in this section do not reflect budget actions that might take place during the 2022 session including revised TEEOSA school aid estimates. The on-going impact of the 2022 items into FY24 and FY25 are shown with those individual items.*

**Table 12 Projected Budget Increases-Following Biennium**

(includes on-going impact of 2021 budget actions, excludes impact of any potential 2022 changes)

<i>Dollar Changes from FY23 Base Year</i>	Annual % Change			Projected Increases	
	FY24	FY25	2 Yr Avg	FY2023-24	FY2024-25
<b><u>Aid to Local Governments</u></b>					
Aid to K-12 Schools (TEEOSA GF only)	4.3%	3.8%	4.0%	44,599,154	85,499,482
Special Education	2.5%	2.5%	2.5%	5,893,112	11,933,551
Community Colleges	3.5%	3.5%	3.5%	3,843,152	7,820,813
Homestead Exemption	3.0%	3.0%	3.0%	3,288,000	6,674,640
Aid to ESU's	2.5%	2.5%	2.5%	353,980	716,809
Aid to Counties	--	--	--	(2,000,000)	(2,000,000)
<b><u>Aid to Individuals / Other</u></b>					
Medicaid	4.5%	4.5%	4.5%	40,858,749	83,556,142
Public Assistance	3.5%	3.5%	3.5%	3,036,469	6,179,214
Child Welfare Aid	4.5%	4.5%	4.5%	8,167,957	16,703,472
Developmental Disability aid	4.0%	4.0%	4.0%	6,709,400	13,687,177
Behavioral Health aid	2.5%	2.5%	2.5%	2,012,630	4,075,576
Children's Health Insurance (SCHIP)	5.4%	5.3%	5.3%	1,414,497	2,892,646
Nebraska Career Scholarships	42.9%	0.0%	21.4%	6,000,000	6,000,000
All Other (Aid-Ind)	0.0%	0.0%	0.0%	293,064	593,456
<b><u>Agency Operations</u></b>					
Employee Salaries - State Agencies	3.0%	3.0%	3.0%	17,791,129	36,027,037
Employee Health Insurance - State Agencies	6.0%	6.0%	6.0%	6,116,753	12,600,511
University/Colleges increased funding	3.8%	3.8%	3.8%	26,616,397	54,092,221
Operations increase - State Agencies	2.0%	2.0%	2.0%	3,144,636	6,352,165
Juvenile Services - Courts	2.5%	2.5%	2.5%	1,223,585	2,477,760
Inmate per diem costs (Corrections)	3.0%	3.0%	3.0%	1,384,455	2,810,443
Staffing / costs, new facilities (Corrections)	--	--	specific	3,722,530	7,445,060
Retirement (defined benefit plans)	--	--	specific	322,947	2,100,000
All Other (Oper)			specific	(374,827)	524,556
<b><u>Construction</u></b>	-20.5%	-2.6%	-11.6%	(7,834,881)	(8,626,699)
<b>Total General Fund Increases (Biennial Basis)</b>	<b>3.5%</b>	<b>3.6%</b>	<b>3.6%</b>	<b>176,582,889</b>	<b>360,136,033</b>
Impact of 2022 Committee Proposed Adjustments				39,813,502	39,245,896
<b>General Fund Increases with 2020 proposed actions</b>	<b>4.3%</b>	<b>3.4%</b>	<b>3.8%</b>	<b>216,396,391</b>	<b>399,381,929</b>



## ***Aid to Local Governments***

**State Aid to Schools (TEEOSA)** The estimates for FY24 and FY25 are based on the same methodology utilized for the November 15 estimates required under current law for the proposed biennial budget but with Fiscal Office assumptions and should be considered Fiscal Office estimates. The estimates reflect a growth in overall school aid of 4.2% in FY24 and 3.7% in FY25. The above average growth reflects a 3.5% per year estimate in school spending and a valuation growth of 2.4% per year assuming a continued decline in agricultural land valuations. ***The previous paragraph describes the estimates at Sine Die 2021. Impacts of the January 2022 preliminary certified TEEOSA amounts are shown separately on the Financial Status***

**Special Education** Increases for FY22 and FY23 reflect a 2.5% per year increase. Although statute allows for a growth up to 5% the 2.5% is equal to the basic allowable growth rate under the K-12 school spending limitation and TEEOSA calculations.

**Aid to Community Colleges** For the following biennium, a 3.5% per year annual increase is included reflecting increased state aid to support operations budget increases. This increase amounts to about a \$3.9 million per year increase.

**Homestead Exemption** A 3% per year annual increase is included for the following biennium budget reflecting some level of inflationary increases.

**Aid to ESU's** The amount of aid to ESU's is based on funding of a certain level of core services and technology infrastructure. Growth in aid is set at the same rate as the basic allowable growth rate under the K-12 school spending limitation (2.5% per year).

## ***Aid to Individuals***

**Medicaid** For the following biennium, the average growth is 4.5% per year. This reflects projected growth of 2.0% per year for population client eligibility and utilization and 2.5% per year for provider rates. This estimate also assumes no change in the federal match rate.

**Public Assistance** A basic growth rate of 3.5% per year is utilized for the various Public Assistance programs for the following biennium. This reflects no growth for population client eligibility and utilization and 2.5% per year for provider rates and 5% for child care rates.

**Child Welfare** A basic growth rate of 4.5% per year is utilized for the various Child Welfare programs for the following biennium. This reflects a 2% per year growth for population client eligibility and utilization and 2.5% per year for provider rates.

**Children's Health Insurance (CHIP)** For the following biennium, a 4.5% per year increase is used which is the same as Medicaid.

**Developmental Disability Aid** A 4% per year increase is included. This provides the equivalent of 2.5% per year for rate equity similar to the employee salary assumption and 1.5% for clients transitioning from K-12 programs. As this projected budget assumes no expanded programs, nothing is assumed for funding of the waiting list.

**Behavioral Health Aid.** This area includes substance abuse and mental health aid. The increases in the following biennium reflect a 2.5% increase to reflect some annual increase in provider rates.

**Nebraska Career Scholarships.** In the 2020 session, the Governor's budget recommendation included funding and distribution language for the Nebraska Career Scholarship Program through the University of Nebraska, State Colleges, and Community Colleges (through Dept. of Economic Development). The enacted budget included this proposal with funding provided for the current biennium at \$8 million in FY22, \$12 million in FY23 with intent to increase to \$16 million in FY24. In the 2021 session funds were included under DED for students attending a private, not for profit university or college in the state; \$1 million in FY22, \$2 million in FY23, and intent to increase to \$4 million in FY24.

## ***Agency Operations / Construction***

**Employee Salary Increases** Although salary increases will be the result of bargaining, some level of increase is factored in more for illustration than planning purposes. A 2.5% per year increase is included which approximates inflation. In addition \$3 million is added each year to cover the costs of the Protective Services 2020 contract which provides for a \$1 per hour increase step plan, employees can move up a step each year for seven years.

**Employee Health Insurance** For planning purposes, an 6% per year increase in health insurance is included for the following biennium, similar to the prior biennium.

**University and State Colleges Funding** Although shown as a separate item, the calculated amounts are based on applying the same salary and health insurance increases as noted for state employees planning purposes, and applying them to both the University and State Colleges.

**Operations Inflation** Included in the projected status is a general 2% increase in agency non-personnel operating costs. Although not provided as an across the board increase, this amount historically covers increases in utility costs at state and higher education facilities as well as food and other inflationary cost increases at 24/7 state facilities such as veterans homes, BSDC, etc...

**Inmate Per Diem Costs** While some costs at the Dept. of Correctional Services such as staffing are "fixed" within a range of inmate population, some costs change directly with each inmate. This includes food, clothing, and medical care. A 3% per year increase is included to reflect both

**DCS Staffing and Operations** The amount shown in FY24-25 is the projected amounts to fully annualize the operating costs of the two new high security housing units at the Reception and Treatment Center in Lincoln.

**Defined Benefit Retirement Plans** The increase in funding for the defined benefit retirement plans for FY24 and FY25 reflects about a 2.5% increase in the 2% of pay contribution in the school plan.

**Capital Construction** General Fund dollars included in the projected budget for the following biennium for capital construction reflect reaffirmations only based on the proposed FY22/FY23 biennial budget. These are dollar amounts needed to complete funding of previously approved projects.